

# DISTRIBUTION AND WAREHOUSING



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## Warehousing the Safety Valve of Merchandise Distribution

By  
F. W. PERKINS

*Department of Commerce Examines Storage Industry's  
Functions in Forward March to Business Normalcy*

DISTRIBUTION AND WAREHOUSING'S  
Washington Bureau  
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**A**S business returns to normal, the warehousing industry will be called on to serve more largely than ever before as the "safety valve of merchandise distribution."

¶ This is the view of officials in the United States Department of Commerce, who agree that the cycle of events is likely to be very much along this line:

¶ Whether the evolution begins with "the egg or the hen"—whether better business shows first with the retailers or with the manufacturers—the retailers are going to be hesitant about putting in large stocks of any commodity. They are likely to fear that the upturn is only temporary—a false sunrise—and they will wait until the full light of day before beginning to buy with the celerity and in the quantities of good times. They will emphasize their belief in hand-to-mouth merchandising as a safe policy, more especially as they have learned new phases of that policy under the necessities of the past year.

¶ At the other end of the merchandising establishment, the manufacturers will not be able to use so much caution in resuming their normal operations. Intent on going ahead with the upswing, rather than losing the fruits of foresight by hanging behind the parade they will have to accumulate surplus stocks, as some of them even now are doing.

¶ The retailers will watch, anxious to buy, but fearful until they know the dreary days are indeed past. The wages paid by the manufacturers will create more buyers, and eventually—with possible numerous variations in this program for a return to prosperity—all branches and elements, from factory to consumer, will get into good running order, doing business at the old stand and in the good old volume.

¶ Meanwhile the warehouse will be performing a function of the highest importance.

¶ "The storage or distribution warehouse," according to

A. Lane Cricher, chief of the Transportation Division of the Department of Commerce, "is simply a bank for the safe holding temporarily of goods in process of distribution. Goods represent capital, labor and industry. Proper use of the merchandise warehouse in distribution, assisted by proper financing of goods in transit, *adjusts supply to demand.*"

¶ "These statements were made under different economic conditions, but it is held that they are just as true today, if not more so.

¶ "Not only does the warehouse eliminate avoidable wastes in time for travel of goods so that the consuming area adjacent to 'the merchandise bank' may be served upon one day's notice," Mr. Cricher continued, "and not only does it reduce loss and damage claims and offer distribution clerical services, and not only does it permit carriage of spot stocks, received in carloads at the lower carload rate, and distributed in smaller quantities to customers, but it tends to equalize production itself.

¶ "Most assuredly it does equalize the marketing of products. It steadily absorbs the manufacturers' output, eliminating heavy storage investment by the producers. Manufacturing and labor costs may, through use of distribution warehouses, be lowered. Seasonal demand may be met by steady monthly production.

¶ "Can the peaks and valleys in the curves of production be leveled to the consumption basis? Through proper warehousing in distribution this objective may be at least partially attained."

¶ Mr. Cricher described the warehousing industry as "one of the largest in the United States, and in the world," with a capital estimated at approximately six billion dollars. He defined five basic principles of the "banking of supplies for public use" as follows:

¶ 1. "The warehouse is a transportation medium and serves the ocean, rail, lake, inland waterway and motor truck agencies in carriage of goods.

¶ 2. "The warehouse offers the opportunity—through

(Concluded on page 71)

# New Relation of Warehouse Business to Banking\*

By  
**ROBERT H. BEAN**  
*Executive Secretary of the  
American Acceptance Council*

**Y**OU are the experts of an industry that is rapidly taking its place as one of the most influential forces in American business, and I conceive it to be an illustration of your desire to further your interest in and your knowledge of other business that you have invited to this platform one who is not a warehouseman but who, standing on the other side of the road as an observer, may have a message concerning the other fellow's business that may be of advantage to you.

There is a lamentable lack of the get-together spirit among bankers and business men. Business men seem to have a feeling that the banker is like the doctor—a man to be consulted only in case of need—while bankers too often never interest themselves in their merchant customers except when the balance gets too low or the discounted note is not paid at maturity.

To progress, both business and banking must understand each other's problems, and from that position I shall ask

you to bear with me as we consider the new relation of the warehouse business to banking.

It is clear from the record that in the past fifty years warehousing has developed into a dominant division of the commerce and industry of the nation, and particularly within the past twenty-five years it has compelled the attention of business men, bankers and the Government as a force to be reckoned with and to be encouraged for the good of all business.

Looking back over the years since this American Warehousemen's Association came into existence we find many milestones of existence representing your efforts to make warehousing a respected, powerful influence in business.

You are no longer content merely to store. Your ambition and your pledge to business and banking is to store well—to protect the storer and his banker. The warehouse business in its present state of perfection is a creditable achievement which belongs to your association.

**B**UT you will not rest on things as they are today. You are not content to say to the manufacturer, "Bring your goods to us and we will store them," but you are seeking out the centers of manufacture and production and you are taking your warehouse business to the manufacturer and producer in his own locality. This development of branch or field warehousing I conceive to be in its infancy and I look confidently ahead to the years when the facilities and the services of the warehouseman, no matter where the central warehouse or warehouses may be located, will be made available, through local stations, to the commerce and industry of the nation wherever it is produced or conducted.

The arguments which have been employed so frequently against chain or branch banking cannot be used against the expansion of the warehouse business through branches or field stations. This activity is comparable rather to the development of chain stores which now reach from coast to coast in large and small communities and you are thus keeping step with the times, in going to the storer's doorstep and putting the facilities of your organization at his disposal in his own community. I think it must be true that any resistance which you may have met to expanding your services through the operation of field warehouses is relatively unimportant and that as this development becomes better understood you will find that it is one of those natural expansions that business desires and has been looking forward to as a product of modern industry.

\*Paper read Jan. 28 at annual convention of American Warehousemen's Association, at Atlantic City.

This and other commendable developments of the warehouse business are now being watched with keen interest by those who by reason of their business have occasion to require the services of warehousemen.

In your program of development you have also gone to the courts in support of your members and to make certain that legal interpretations of disputed matters will not result in precedents that will be harmful to the industry and to your other customers in years to come. You have gone to Congress for remedial legislation and have been alert for opportunities to cooperate with the Government when new agencies, such as the present Federal Farm Board, are created.

It is axiomatic that no organization or group will prosper unless it reaches out to the other industries with which it constantly comes in contact and seeks to acquire an intelligent understanding of the business of its customers. It does not seem unnatural, for example, for warehousemen to have complete knowledge of the production of canned goods, cotton, grains, tobacco; to be able to converse intelligently with the producers of national supplies, and to be alert so that he may offer to them the particular facilities and services they require.

You have come to know that there are forces outside the warehouse business that should cooperate with you and with which you should have complete understanding. Some of these forces are allied with production of goods; others represent transportation, financial interests, legislative bodies, and the national Government itself. Your interests are con-

stantly affected, one way or another, in any action they may take.

In 1916 the Congress created and passed the United States Warehouse Act and through the Department of Agriculture established a system of Government licensing of warehouses storing principally agricultural products. This should be in no sense a competition. The Government should not be in the merchandise warehouse business even though it may issue a license to a warehouseman as provided in the U. S. Warehouse Act. You are the warehousemen and should be left free to develop your business in accordance with your own intelligence and understanding of the established requirements of the industry.

The Government license, as I see it, is applicable in many cases and is an admirable addition to the security already afforded by the well regulated warehouse companies, but it is in no sense, as I see it, essential to the safeguarding of property or agricultural commodities. I believe your association has no other thought than to cooperate heartily with the Department of Agriculture, welcoming the opportunity to support the efforts of the administrators of the U. S. Warehouse Act, only reserving to yourselves the right to use or not to use a Federal license as your judgment directs.

I have seen many instances where I would frankly prefer the warehouse receipt of a member of this association, without a Federal license, to the receipt of some warehouse companies not properly accredited members of your association, but displaying a Federal license.

Multiplication of endorsers does not necessarily make a note good. What is re-

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ONE of the most vital and constructive papers ever read at a gathering of storage executives was the address by Robert H. Bean, executive secretary of the American Acceptance Council, at the annual convention of the American Warehousemen's Association, at Atlantic City, N. J., on Jan. 28. Thinking business men will appreciate the following points brought out by Mr. Bean in his discussion of the new relation of warehousing to banking:

¶ 1. The Government should not engage in merchandise warehousing. Public warehousemen should be left free to develop their business in accordance with their intelligence and understanding of established requirements.

¶ 2. Mr. Bean said he was "unalterably opposed to any arbitrary rules of banking which shut out loans on warehouse receipts of companies that do not have a Federal license."

¶ 3. One of the most important days in warehousing's history was when the Federal Reserve Board recognized that the warehouse receipt of the properly regulated independent warehouse company was safe collateral for loans.

¶ 4. Have warehousemen always made the best of the opportunity that has been opened to them to put themselves right with the banks and fully inform the banks concerning details of the warehouse business?

¶ 5. The A. W. A. committee on banking relations is doing something fine in offering cooperative services to the Federal Reserve Board and to banking in general.

¶ 6. Figures cited show that in 1930 the volume of acceptance financing on warehoused goods ranged from

\$260,000,000 in January to \$137,000,000 in July to \$271,000,000 on Dec. 31.

¶ 7. The A. W. A. should use every effort to classify business of legitimate warehousing from that of subsidiary self-owned warehouses, Mr. Bean declaring that some day both the States and the Government would demand that the receipts of a subsidiary warehouse company be plainly marked as such.

¶ 8. The Federal Reserve Bank is desirous of encouraging the proper development of the warehouse business.

¶ 9. Abuses and improper business practices must be stamped out and clean honest warehousing must be maintained.

¶ 10. Warehousemen might with benefit regularly file statements and general information with the principal bankers in their respective districts and with local Federal Reserve banks.

¶ 11. Extension of branch or field warehousing should be encouraged.

¶ 12. Warehousemen should confine their activities to the business of warehousing in its several phases and should not attempt to be both warehousemen and bankers.

quired, and what banking and business looks for, is good management, character and stability, and when these are found, other endorsements lose their importance.

There is undoubtedly a place for the Federal license and I am free to add that the Federal license has done much to make warehouse loans in certain sections of the country safer for the banks; but as your business has been perfected and brought to its present high state of integrity, I do not conceive that the banks will be one less bit secured when loaning on warehouse receipts of members of the American Warehousemen's Association when those members do not have a Federal license.

Before leaving this subject may I frankly acknowledge a reversal of an opinion previously given on this matter of Federal licenses and to add that I am unalterably opposed to any arbitrary rules of banking which shut out loans on warehouse receipts of companies that do not have a Federal license.

One of the most important days in the history of the warehouse business was that which marked the recognition, by the Federal Reserve Board, that the warehouse receipt of properly regulated independent warehouse companies was safe collateral on which banks should be permitted to make loans through the creation of acceptance credits.

The Federal Reserve Act as passed in 1914 did not provide for warehouse acceptance credits, but on Sept. 7, 1916, section 13 of the Federal Reserve Act was amended to permit member banks of the Federal Reserve System to accept drafts drawn upon them which were secured at the time of acceptance by warehouse receipts or other such documents conveying or securing title covering readily marketable staples. By regulation of the

Federal Reserve Board, shortly thereafter, this amendment was clarified and strengthened by the statement that the receipts must be of a warehouse company operated entirely independent of the borrower.

This action in 1916 firmly put the warehouse business into banking and it constituted a challenge to the warehousemen to conduct their business with such efficiency and integrity as to make their warehouse receipts proper collateral for bank credit.

Since 1916 considerable headway has been made, but to a great extent the warehouse business and the banking business have traveled independent, though parallel, roads. It is sometimes astonishing to note how little attention is given, by bankers, to the development of the warehouse business. How little many bankers know of the care and fidelity with which you protect their collateral. They may carry in their files information that you exist—that, of course, is necessary—but I do not spare my banker friends when I say that it is not the rule for them to become closely acquainted with the warehouseman so as to understand his problems, to cooperate fully with him, in season and out, and to turn over to him, when occasion presents itself, the business which may be profitable both to the warehouseman and to the banker.

On the other side, I wonder if the warehousemen have always made the best of the opportunity that has been opened to them to put themselves right with the banks and fully to inform the bankers concerning the details of the warehouse business.

The banker is no different from any other business man. There is no halo about his head that denotes super-intel-

ligence, a master mind or a recognized authority on all kinds of business. He is as a rule specially trained in terms of capital and credit and must very often judge business risks from the standpoint of the ratio of assets to liabilities because of a lack of the essential knowledge concerning the borrower's character and business ability that is in so many instances of more importance than the ratio of dollars to debts.

He may say "My business is to receive money, the deposits of my customers, to protect that money and to return it on demand." During the period between deposit and demand he must invest it as well as capital funds, and if he is to invest it he must put it into commercial paper or bonds, or lend it, either on promissory notes or through credit obligations secured by goods which are stored by a third party. You, on the other hand, receive the goods or merchandise of the bank's customers and you acknowledge possession and contract to return these goods on demand on presentation of warehouse receipts.

You are then, in this relation, safe depository vaults for such collateral as the banks may loan on and cannot keep in their own vaults. Now in such a transaction does the bank fully understand, through investigation, all of the facts concerning the warehouse company which is for the time being its custodian, and does the warehouse company cement the relations between banker and warehouseman by laying before the banker the exact knowledge which will give to the banker credit information as valuable to him as though he were loaning money direct to the warehouseman for his own operating requirements?

The closing of a fine account with a manufacturer may be very profitable to

the warehouseman; but if the third party, a well informed banker, is at once brought into the picture, there is added an element of strength that benefits everybody.

You have taken a long step forward in forging a link of friendly cooperation between the warehouse business and banking, in the creation of your committee on banking relations, and you are doing what is commendable in that, after having put your house in order and bringing it to a point of near perfection, you are willing, confident of your position, to go before the business world, laying your cards on the table and offering to stand squarely with the banks in their dealings with customers who may require loans on staple commodities and must have the service of a responsible *bona fide* warehouseman.

I am convinced that the action of your present committee, headed by A. T. Gibson, in going direct to the Federal Reserve Board, to the Federal Reserve banks of the country, to the superintendent of banks in the several States, and to the Comptroller of the Currency, and offering to these banking administrators the cooperative services of your great association, has done more to focus attention of bankers upon the warehouse business, the warehousemen's association and upon that association seal which has come to be recognized as the hallmark of integrity, honesty and stability in this industry, than any other act since the creation of your organization. I know, and it is a pleasure to bring it to your attention at this time, that this action has been very highly commended by the Federal Reserve authorities and by the great banks of the Federal Reserve system.

### Credits in 1930

The privilege accorded in 1916 to accept drafts against goods in warehouse, taking as collateral the warehouse receipts of an independent warehouse company, was almost immediately availed of by banks throughout the country, and these acceptance credits soon became the source of a very large volume of prime bankers' acceptances. By 1920 the amount had grown to more than \$100,000,000. At the beginning of 1925, when detailed statistics covering the amount of acceptance business of all kinds was compiled monthly, it was found that warehouse credits amounted to \$175,000,000 at the peak of the storage season and rarely fell below \$70,000,000 in mid-summer.

From 1925 down to the end of 1930 there has been an ever-growing use of acceptance credits against proper warehouse receipts, and it has been a noticeable feature of warehouse acceptance financing that it has been made use of regularly during the normal storage seasons from August to March, then being gradually liquidated as raw materials, finished goods and manufactures of a seasonal character have been withdrawn and started on their route to the ultimate consumer.

In the year 1930, when business of

all kinds was moving slower than usual, the volume of acceptance financing on warehoused goods varied from \$260,000,000 in January to a minimum of \$137,000,000 in July, then increasing to \$271,000,000 as of Dec. 31, 1930. This is more than a quarter of a billion dollars of business which the banks have financed, secured by warehouse receipts covering every conceivable commodity.

### Restrictions

In placing such a large volume of business, the banks have been restrained by the provisions of the Federal Reserve regulations which are very clear on such important points as these:

First, that the goods so financed must be readily marketable staples. This is a phrase out of the Federal Reserve Act itself and is intended to include such articles as—

"A readily marketable staple within the meaning of these regulations may be defined as an article of commerce, agriculture or industry of such uses as to make it the subject of constant dealings in ready markets with such frequent quotations of price as to make (a) the price easily and definitely ascertainable and (b) the staple itself easy to realize upon by sale at any time."

There are times when the line must be drawn very finely to determine whether this or that commodity is a readily marketable staple that may be financed by an acceptance credit by the member banks, such for example as certain types of oil in barrels or cans. Linseed oil in common use and on which there are daily quotations in the merchandise markets may be stored by you and against your receipts, and eligible banker's acceptances may be made; but, on the other hand, another oil, commonly called fish or sardine oil, would not be so classified.

Here, as previously mentioned, the warehouse company may render a real service by being thoroughly informed as to what staples, when used against acceptance credits, will make an eligible acceptance.

Second, it must be remembered that the Board insists that the only receipts that may be used in acceptance credits to make an eligible acceptance are those issued by independent warehouse companies; that is, a *bona fide* warehouse company independently owned and managed and not under the control, direct or remote, of the borrower or the taker of bank credit.

There has been a tendency, as the warehouse business has developed, for certain concerns and corporations to attempt their own warehousing, thus saving even the moderate cost of putting their goods into the hands of an independent company. Such concerns have recognized the outstanding merit of the independent warehouse receipts. They have realized that the banks should make loans only on such receipts, and that when this is done a very economical method of financing the storage of their goods may be accomplished. Because of

this they have attempted to encroach upon the legitimate business of warehousing and have, in all too many cases, been able to get away with such a move without their banks becoming any wiser.

The record is absolutely clear, as a result of many warehouse receipt decisions in the Courts, that the receipts of subsidiary or self-owned warehouse companies are without value when it comes to securing the bank or other lender, and the title supposedly with the banks is not a fact at all.

The American Warehousemen's Association should use every effort within its power to so classify the business of legitimate *bona fide* warehousing from that of subsidiary self-owned warehouses, so that there will be no mistake at all when receipts get out into the world and are offered as bank collateral. The time may come when the necessity will be so clear, both in the States and with the Department of Agriculture, that the receipts of a subsidiary warehouse company will be plainly marked as such, serving as notice to all interested parties that such receipts do not make good collateral and are taken at the lender's risk.

So far as the banks are concerned, they cannot make eligible banker's acceptances carrying the best market rate and rediscountable at the Federal Reserve banks if such warehouse acceptances are based on receipts of subsidiary warehouse companies.

Such companies are as a wolf in the pasture and should be properly labelled if their receipts are likely to come into the hands of banks as collateral for loans or against acceptance credits.

### Abuses Must End

The Federal Reserve banks are desirous of encouraging the proper development of the warehouse business, and it has provided the facilities for financing, along proper and safe lines, such of the commerce of this country as must pass through warehouses. If you are to maintain the respect of banks and retain for them the privilege of accepting—in other words, lending their credit against the warehoused goods of your customers—you as members of the American Warehousemen's Association must lend your influence continually to the task of stamping out abuses and improper business practices and to maintaining, as much for yourself as for the banks, the integrity of clean, honest warehousing.

Bankers are not infallible any more than warehousemen. Each one knows what the other should know, and there should be a constant interchange of information, as through this practice there would be greater security for the banks and greater prestige for the warehouse business.

It would do no harm for warehousemen regularly to file statements and general information with the principal banks in their respective districts and with their local Federal Reserve Bank as well. You will undoubtedly find, as this spirit of cooperation is developed,

(Concluded on page 54)

# N. F. W. A. Elects Kennelly

Industry's Hauling Experience  
to Be Filed with I. C. C.

## Story of the San Antonio Convention

By KENT B. STILES

**S**UPPLEMENTING the outline, as published in last month's *Distribution and Warehousing*, of the eleventh annual convention of the National Furniture Warehousemen's Association, at San Antonio, on Jan. 19-24, a more detailed report of what took place is presented on this and ensuing pages.

Martin H. Kennelly, Chicago, was elected president. A year previously he had declined the nomination. This past January, after his second nomination had been announced, he resigned as president of the Allied Van Lines, Inc., the National's long-distance removals motor trucking agency, in order to devote his efforts to the welfare of the N. F. W. A., and in his speech of acceptance at San Antonio he proposed a definite and constructive business program for the twelve months ahead.

An outstanding feature of the convention, which was held in the Hotel Gunter followed by a banquet in Mexico, was the decision to place the association on

record with the Interstate Commerce Commission in the latter's inquiry into coordinated rail and truck transportation. The executive secretary, Henry Reimers, Chicago, was instructed to prepare a statement to be presented at the Commission's final hearing, at Washington on March 4. This presentation will neither advocate nor oppose regulation but will comprise simply facts in the light of household goods warehousing's experience in hauling.

Once more opposition developed against continuing the policy of holding two meetings a year. The sentiment at San Antonio favored only one annual convention, this to be held in the winter, supplemented by regional summer assemblies. The proposed change will require a by-laws revision, and one will be offered at the convention next January.

A summary of the San Antonio discussions and actions follows:

**I**N his report as president, James F. Keenan, Pittsburgh, opening the meeting, said that with few exceptions the members had "suffered through decreased business and diminished profits." In contrast with previous depressions, withdrawals of goods had been heavy and there had been fewer new storage accounts. Long distance hauling was proving "a poor substitute" for packing and shipping by rail, and "to attempt to meet cutthroat competition with good equipment and satisfactory service would be ruinous even to the brave." He deplored "sharp practices to obtain orders" and hoped they would soon cease.

Mr. Keenan urged the members not to curtail too much the labor forces in order to reduce overhead expense, declaring that faithful employees should be given at least part time work.

Ralph J. Wood, Chicago, secretary, said that ordinarily during a depression "one would expect an influx of business" in furniture warehousing, though as an oldtimer in the industry he had seen it work both ways, but "unquestionably there has been a dearth of business in all departments in our warehouses," this causing a scramble which had resulted in "a buyers' market," the consequence being "price cutting and business at any price."

"In a time of depression like this, when we should stand hard and fast for



Martin H. Kennelly, the new president of the National

the rates and a profit, the contrary seems to be the rule," he declared. "In my experience of 38 years never have I seen the industry in such a chaotic condition. . . . The public is working us to a frazzle. We are the suckers of the business world."

Mr. Wood said that what was needed was "intestinal fortitude" to exact what was due. He continued:

"We are in the midst of changing conditions. More and more we are entering into competition with the railroads, who are entering the field of warehousing, long distance moving, and kindred operations. Shall we embark in container service, the forwarding business, and what not?"

Reporting as executive secretary, Henry Reimers, Chicago, touched on cooperation, the Allied Van Lines, improved business morals, refinement in service, coordination of motor van service with railroads, collections, efficiencies, side lines, preparation of goods for storage, central packing departments, excess valuation, construction, reserves and finances, local association activities and other fundamentals, reviewing the past half-year and making recommendations.

"Household goods container service could be a most interesting development, resulting in increased revenue," he suggested. "Motor truck, car building and





Delegates who attended the eleventh annual convention of the National Furniture Warehousemen's Association

railroad transportation engineers are now studying this problem with us. A container should be developed to serve as a van body and railroad container of suitable dimensions to fit in with units of railroad standard merchandise containers; such containers to be owned either by a company operated by members or by the railroads and leased to a company controlled by members.

"The test of selling the container against motor van transportation, being conducted by the A. V. L., is proving successful, and through actual experience goods are delivered at destination in as good shape and as expeditiously as when moved by motor van. For test purposes the Security Storage Co., Washington, D. C., has kindly diverted a number of their containers for our use.

"Every safeguard must surround the development and control of the container in order to assure a profit to warehousemen as well as the railroads.

"There is also the possibility of handling new furniture in containers.

"It may be possible to get special rates on household goods transported in containers, which will eliminate the charge on the tare weight. From the railroad's standpoint, L.C.L. household goods have not been a desirable commodity, but transporting in containers make it desirable. It should also be of advantage to the railroads to provide a greater spread between L.C.L. and carload rates in order to encourage car loadings and transportation by rail."

H. E. MacNiven, Chicago, outlined his activities as field secretary—work which takes him to many cities and towns in an effort to correct unsatisfactory conditions. He emphasized the necessity of cooperation among local members. Such groups had told him, he said, "that the financial condition of their businesses at

the end of 1930 is better as the result of cooperation than could have been possible under the old way of every man for himself." He warned against continued usage of the term "fireproof storage" and urged improvement of warehouse standards. He had classified the



John J. Woodside, Jr., Atlanta executive elected a director for three years

160 warehouses he had visited during six months, and had found 48 per cent good, 28 per cent fair and 24 per cent bad, and explained the internal conditions on which he based the classification.

Reports, covering business conditions, were submitted which had been prepared by the four divisional vice-presidents—eastern, William R. Wood, New

York; southern, J. P. Ricks, Jackson, Miss.; central, Marion R. Niedringhaus, St. Louis; western, Harvey B. Lyon, Oakland, Cal.

The eastern members, Mr. Wood's report set forth, "think the depression not over, but hope for and expect a slow revival in the spring or fall of 1931."

In the South, according to Mr. Ricks, there is "a decided spirit of optimism and confidence in this new year," and his own opinion was that "conditions will gradually improve," but he suggested "a very conservative policy in the operation of our business, for the reason that the volume will probably be comparatively light."

It "is not so much the present condition that should worry us," Mr. Niedringhaus said, "as it is our ability to meet this situation with regard to the future and so guide our organization and help our weaker competitors that they may not be forced to resort to devastating influence of price cutting as a means of keeping their business alive."

In the western division, according to Mr. Lyon, most of the members were entering 1931 "with an optimistic outlook."

The foregoing reports of the officers have been here summarized only, in view of the fact that they have already been published in full in the February issue of *The Furniture Warehouseman*, the National's official organ.

#### Arbitration

AN outline of the experiences of members of the New York F. W. A. under the arbitration clause in their storage contracts was given by William R. Wood as chairman of the arbitration committee.

"It should be pointed out," he said, "that warehousemen operating in New



Warehousemen's Association at the Hotel Gunter, San Antonio, on Feb. 19 to 24

York are not unique in their agreement to arbitrate. Similar comprehensive State laws are also in effect in Massachusetts, Connecticut, New Hampshire, Rhode Island, Pennsylvania, New Jersey, Louisiana, California and Arizona, and bills will be introduced in the Legislatures of additional States in the hope that in the not far distant future uniform comprehensive laws will prevail throughout the country.

"Warehousemen in the States where this arbitration Act is introduced are urged to give it their fullest support, so that the entire industry may enjoy the advantages afforded them by the inclusion of an appropriate arbitration clause in their agreements. . . .

"It appears that an arbitration clause in the contract, when brought to the attention of the client, stimulates an amicable settlement of a dispute; that an arbitration disposes of a dispute quickly and inexpensively, particularly where the warehouseman is able to present his defense personally without engaging counsel; that an arbitrator usually takes into consideration the actual provisions of the contract regarding declared valuations and liability, and that his interpretation thereof is final even though the Courts may otherwise interpret such provisions."

Mr. Wood recommended that the National consider adoption of an arrangement with the American Arbitration Association.

#### Association Relations

AS chairman of the association relations committee, C. J. Hamilton, Baltimore, said there should be "some direct control or administrative policy exercised by the National over the various local associations in order to effect a more concerted and uniform effort con-

sistent with local conditions," and that this probably would help "to bring about some decentralization in the functions of the National, which we believe quite desirable from the standpoint that a more close point of contact with the individual members can be established and



William T. Bostwick, New York, returned to board as a vice-president

maintained," and also that decentralization would serve to bolster and solidify the spirit of cooperation "so sadly lacking in many quarters."

Mr. Hamilton saw no need for regional associations, which "if fostered, encouraged and supported will be eventually a competitor in a sense where we can only foresee where the National would lose its value to our industry."

"The National can not only do what a regional or State association now accomplishes," he declared, "but can do it better and render more real service to its members, provided the National would give direct recognition to local associations in preference to all others, and with the distinct understanding that it will be the obligation of the National energetically to establish, through its field secretary, local associations in all localities where desirable. Such a plan would give the National a definite tie-up with our industry and a possible means of increasing its membership. Should this plan become effective, the National would be charged with the responsibility of added service to the membership."

Mr. Hamilton recommended that the National hold only one convention a year, with summer regional meetings where desirable, declaring this would enable members "to give more time and thought to purely local conditions at least once a year, and have the full benefit and contact with other members throughout the country at the annual meeting of the National."

During discussion Mr. Hamilton asked for a motion to authorize the committee and the N. F. W. A. board to draw up some workable plan if the delegates approved his idea in principle. Various executives present approved it, and on motion by William T. Bostwick, New York, it was declared to be the sense of the meeting that the National meet only once annually, with sectional-local meetings otherwise, and that the situation be referred to the directors for some definite plan.

Whatever plan is worked out will not go into effect until 1932. In other words, there will be a 1931 summer meeting, probably at Mackinac Island, Mich., beginning about July 17, if satisfactory

Great Lakes boat arrangements can be made.

### Code of Practice

**T**AKING as his text Paul's message to the Corinthians, "Prove all things and hold fast to that which is good," Sidney S. David, Chicago, speaking extemporaneously as chairman of the code of practice committee, said that "if we can make money through cooperation we should hold fast to it and not deviate from it." (Voice from the floor: "Amen!"). Mr. David continued:

"We must be careful that during this era of hard times we do nothing to break down the structure which we built up in good times. It is no credit to keep to ethics in good times, but there is credit when you stick in hard times."

Lowering prices, as sellers of merchandise had done, would not help warehousing, Mr. David pointed out; while low prices on merchandise made the latter attractive and put money into circulation, low warehouse rates would not make the public store or move. "There are fifty-two cards in the deck," he commented, "and there are only so many jobs. There will be no more, no matter how often you shuffle them."

Alluding to past negotiations with the Federal Trade Commission, with a view to placing household goods warehousing within the Commissions' purview, Mr. David declared that some industries were not quite as well pleased as a year ago, the Commission's trade rules having become less elastic, compelling some industries to offer substitute rules, and he believed the N. F. W. A. committee accordingly should "wait and learn what the Federal Trade Commission will permit us to do and expect us to do."

### Warehouse and Removals

**O**N behalf of Arthur A. Leonard, Detroit, chairman of the committee on warehouse and removals operations, a paper was read in which he stressed the necessity of economy and alluded to "a new type of vehicle which fits in admirably with our new A. V. L. container service"—a combination vehicle which, worked out by George Thomas of the Freuhaul Trailer Co., "makes for elasticity, which is so essential in our operations." Mr. Leonard went on:

"The body is removable and can be used as a shipping container. The capacity of the equipment can be changed as required. Trailers can be furnished for other member companies to pull. And, finally, the cost is exceedingly moderate, when compared to the ordinary truck of like capacity.

"If it were possible to adopt such an outfit as standard equipment, the present habit of each trying to outdo the other in de luxe equipment would die a natural death, with great benefit to our respective bank accounts."

Mr. Thomas addressed the convention on the adaptability of trailers to container service, exhibiting blue prints drawn on suggestions prepared by Mr. Leonard, and said his company could

build such a chassis to handle containers and at economical cost, if the industry could standardize.

George B. Anderson, Evanston, Ill., as chairman of the fur and garment storage sub-committee, discussed this business as a profitable side line under proper conditions and offered a broad range of suggestions as to methods, rates, forms, insurance, humidity, etc.

As chairman of the packing sub-committee, Joseph H. Meyer, Chicago, led discussion of cooperative packing departments, preparation of goods for storage, etc.

L. H. Tanner, Detroit, heading the purchasing sub-committee, urged that the National work out a plan for collective

### Correction

**T**HE name of William I. Ford, Dallas, was inadvertently omitted from the list of past presidents of the National Furniture Warehousemen's Association, on page 15 of the February issue. He was included among those to whom Martin H. Kenelly, Chicago, the 1931 president, addressing the San Antonio convention, paid tribute for their activity in the National's successful development.

purchasing of materials, declaring there was opportunity for large savings. He discussed burdensome taxes and suggested that the N. F. W. A. board consider the advisability of creating a committee on taxes.

A paper was read on behalf of George C. Harris, Birmingham, as head of the removals sub-committee, who emphasized the essentiality of proper appearance of equipment, workmen, etc.

"Truck Operating Costs" was discussed by Field Secretary MacNiven, who, after citing figures which had been sent him by members, declared:

"The basis of showing a profit on truck operations is knowledge of your costs. To some people that may sound like a big job, but it is simple and the rewards are great. In keeping costs, it is not necessary to set up an elaborate system, such as some of the large fleet owners use, but there are a few essentials that should be accurately recorded, such as fixed charges, depreciation, tires, gas and repairs.

"The most practical and accurate method suggested is that which comprehends opening an account with each truck, making a daily inspection as to mileage and charging against each truck the costs of oil, gasoline and repairs. The cost of tires depends on actual experience, but a reasonable conclusion may be anticipated through estimating the probable life of the various types."

On behalf of W. R. Thomas, Cleveland, chairman of the sub-committee on sale of unclaimed goods, a paper was

read in which he urged members to abide by the association's pamphlet, "Satisfaction of Lien by Sale." However, he said:

"There are some members who do not follow this law religiously in disposing of goods, and they are men of wide experience and possessed with more than the average intelligence. Their experience should be given careful consideration, and we doubt very much whether these men are taking any chances—but caution must be used.

"We recommend that this matter be referred to our legal department to work out a uniform plan of procedure—in other words, a short cut from the usual methods. Most of our troubles in the past have been due to the fact that warehousemen did not use proper judgment before selling the goods, failing to realize or not being properly informed of a valuable lot being put up for sale, which no doubt in many cases would have been withheld."

Mr. Thomas's report indicated that in Michigan the uniform warehouse receipts Act had been disturbed. P. J. Mills, Des Moines, reported that the Iowa law had been changed to permit warehousemen to buy in goods at their own auctions and sell them later. President Keenan commented that such changes reflected on and lowered the standards of the industry, notwithstanding permissions granted by law, and added that the discussions from the floor showed "a backward movement among our members as to selling unclaimed goods."

In a paper read on behalf of Ray Hall, Duluth, chairman of the storage sub-committee, Mr. Hall reviewed the measures members had taken to "modernize" household goods storage and pointed out things that they should do to make storage more attractive to the public.

"It is those families who find storage a convenience, rather than a necessity, that we must look to for additional revenue," he pointed out. "Their patronage has been, and will continue to be, procured through the refinements that have been made in storage warehouses and through the fact that this type of customer is easy of mind, knowing that present day storage facilities will bring his or her goods back in perfect condition; so why not impress the public that in certain seasons of the year, when leaving their homes unoccupied, they can store for protection?"

C. F. B. Tippet, Toronto, described the inventory control system of his company, Howell Warehouses, Ltd., displaying the forms used. Its objects were, he explained, (1) to give the chief executive certain knowledge and control of items of his individual expense; (2) to assure easy accumulation of information; and (3) to enable the company to budget its expenses for the following year, as is done in various industries. If other firms in warehousing adopted the system, he pointed out, groups, working in percentages, could compare results, with real benefit to the industry. In his own firm the system had been directly responsible for a net profit, notwithstanding a de-





1. The train which took the delegates from San Antonio to Laredo on the journey to northern Mexico. 2. Martin H. Kennelly, Chicago, the new president. 3 to 9. Delegates visiting various San Antonio missions.

creased revenue in the past year, Mr. Tippet stated.

#### Trade Research

SIDE lines which would dovetail in with the moving and storage department had been the object of the activities of the trade research committee, reported Milo W. Bekins, Los Angeles, its chairman, and he set forth various ideas suggested by members—sale of second hand furniture and new furniture and pianos; a cleaning department for rugs, carpets and upholstered furniture; mothproofing and fumigating; storage of clothing; repairing, refinishing and reupholstering; local and long distance moving; commercial hauling and downtown office moving; delivery of goods sold, including electric refrigerators. "There is no reason," he declared, "why we in our industry should not be able to deliver these specialized articles at a much lower cost than the sales representatives in their own trucks."

Mr. Bekins predicted that during the next decade the volume of packing would be cut in half—that 50 per cent of the goods now being crated and shipped would be moved by the lift van method. He continued:

"The forwarding or pool car volume of household goods has not been reduced materially by motor transportation. This is probably due to the fact that in the past, in order to make up pool cars profitably, these could only be made up to certain points in the United States where the distance was necessarily greater than 1,000 miles or where railroad rates permitted. There is no question, however, that the volume of pool car shipping has been reduced during the past two or three years under what it was during the previous five-year period, due largely to the population being more stable and there being less moving about.

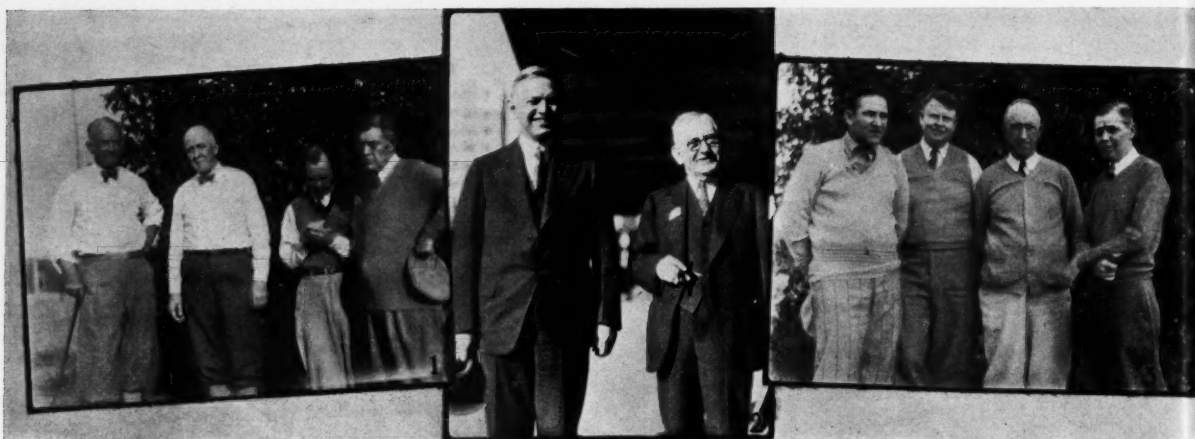
"The lift van in the future is also going to take a large share of pool car

shipping. However, the lift van will more or less supplement the pool cars rather than to decrease the volume.

"I estimate at the present time that there are approximately 300 lift vans owned and in use in the United States. Of course this does not include those companies owning lift vans for storage purposes, and I predict that in three years' time members of this association will be operating at least 1,000 lift vans in the household goods moving service."

#### Insurance

THE report of John G. Neeser, New York, as chairman of the insurance committee, recalled the paper read at the Biloxi 1929 convention by Burr Cramer, Los Angeles, of Cass, Tierney & Johansing, insurance counsellors, in which Mr. Cramer proposed that every lot of household goods coming into storage be automatically insured for the actual value declared by the customer, the value to be entered on the storage re-



1. G. H. Coffin, Phoenix, Ariz.; Thomas A. Jackson, Chicago; Henry Reimers, Chicago, executive secretary; Schuyler C. Blackburn, Kansas City. 2. The new president and the retiring one—Martin H. Kennelly, Chicago, and James F. Keenan, Pittsburgh. 3. S. G. Nelson, San Antonio; Frank M. Brock, Glendale, Cal.; James M. Walker, Memphis; R. C. Knipe, Jr., Brooklyn.

ceipt, with, of course, appropriate provisions in contract and receipt.

This proposed policy Mr. Neeser discussed in his San Antonio report, first from the interest of the customer and then from that of the warehouseman, and after outlining his objections he said:

"The insurance committee does not recommend that the association adopt the policy of automatically insuring every lot that comes to storage. It feels that the members of the association can now protect themselves against disasters by taking out legal liability insurance at a reasonable rate. It recommends an all-risk insurance policy without subrogation against the warehouse, which could be sold to such customers as objected to the limited coverage under the present warehouse receipt. This policy could be sold at a lesser cost to the public than the proposed increase in the storage rates; it would serve the purpose Mr. Cramer had in mind and would not disturb the conditions of the standard storage receipt."

Mr. Neeser explained that his report was based on "many of the answers received" from members to whom he had written regarding the Cramer proposal. After preparing his report, he stated, he sent it to the seventeen members of the insurance committee, and that out of the sixteen who replied, thirteen "fully approved of the report."

Mr. Kennelly moved approval of the report, and this motion was adopted.

On behalf of Daniel P. Bray, Kansas City, as head of the automobile insurance sub-committee, a paper was read saying three importance questions were before the committee: 1. Public liability. 2. The rapidly increasing number of fires and loss occasioned thereby, on highway vans. 3. Depreciation of long distance van bodies for insurance purposes.

With these in mind the committee sent out 841 questionnaires, receiving 271 replies, or 31 per cent. Answers revealed

that these 271 members carried their insurance in 75 different companies, 25 per cent of those answering being carried by one company.

As to public liability on long distance vans, the largest number favored \$25,000-\$50,000 limits, this amount being carried by 82 of the 271 firms replying. Seven per cent carried as high as \$100,000-\$200,000, while 3 per cent as low as \$5,000-\$10,000, which the committee considered "ridiculously low." Limits carried on city vans showed about the same ratio, Mr. Bray reported.

### Truck Fires

As to depreciation, it ranged from 10 per cent for 28 firms; 15 per cent for 28 firms; 20 per cent for 94 firms; and 25 per cent for 49 firms.

As to personal injuries, 91 of the answering companies, or 33 per cent, had had such claims. In almost all instances it was shown that the insurance writers had taken care of the cases promptly.

As to truck fires, 79, or 30 per cent of those answering, "knew of truck fires where body and contents had been destroyed. Reasons attributed included: carelessness in filling gasoline tank; faulty ignition; fire from exhaust pipe; collision; driver smoking; defective wiring; dirty engines; driver falling asleep; poor heating; excelsior shifting through floor onto muffler; engine in poor condition; spontaneous combustion; sparks, from grass fire, falling on roof; poorly maintained tractors. Suggestions were advanced covering the foregoing, to prevent recurrences.

As to how long van bodies would give satisfactory service, periods ranged from 10 years, as reported by 35 per cent, to fifteen years, as reported by 6 per cent, with a few answers ranging from twelve to thirty years.

Regarding annual depreciation on long distance van bodies for insurance purposes, 32 per cent favored 10 per cent annual depreciation; 22 per cent favored

20 per cent; 15 per cent favored 15 per cent; five answerers favored 25 per cent; four were for 30 per cent, and "five conservatives" favored only 5 per cent, the report showed.

On behalf of Buell G. Miller, Philadelphia, as chairman of the building insurance sub-committee, a paper was read in which he emphasized that warehousing was a hazardous business, and accordingly the industry should thoroughly familiarize itself "with the nature and extent of the risks which face us on every side." Warehousing must not overlook any risks or be in ignorance of any types of protection which might be had, he warned.

Mr. Miller suggested the issuing of a pamphlet which would give individual members "a chance to make a complete check of their insurance coverage by departments," explaining:

"This should designate coverage recommended by the association (or its committees) and suggest, where possible, the method of determining the proper amount of coverage; for it is not wise to purchase unnecessary coverage or any insurance in uncalled-for amounts."

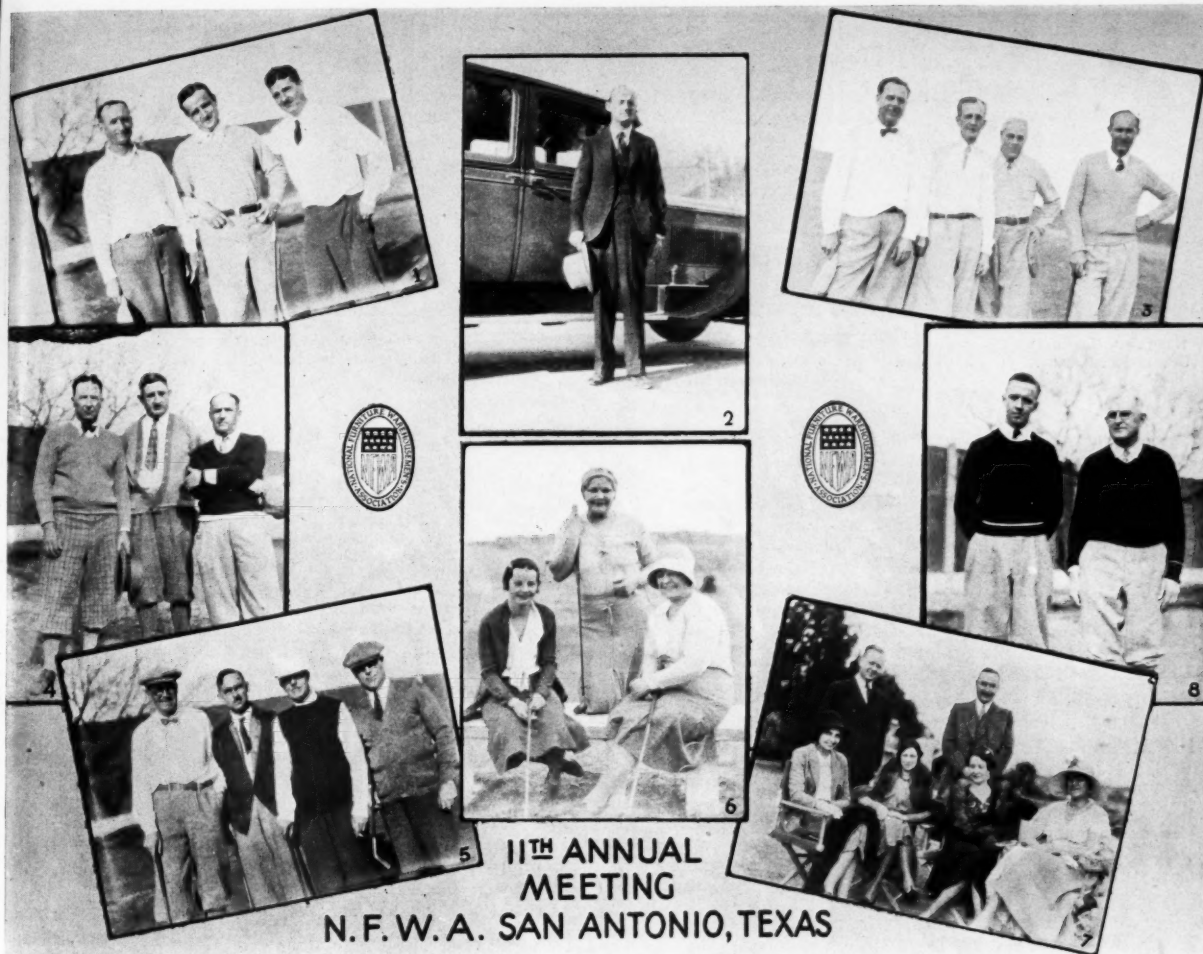
Attached to the Miller report was a "Suggested Form for Insurance Survey—Warehouse Only," covering fire, sprinkler leakage, tornado, steam boiler, plate glass, aircraft, water damage, workmen's compensation, public liability, elevators, legal liability on all risks, theft, bank accounts, etc.

A. V. Cresto, Kansas City, now no longer with warehousing, in a report submitted as chairman of the compensation insurance sub-committee, urged one of several possibilities:

1. A new classification. This, he had been told by learned insurance students, "would be difficult of achievement."

2. A new rate. This he held to be "more practical," assuring "a better chance of early relief."

3. A plan of group buying. He explained: "With an available good experience summary, associational large scale



# 11TH ANNUAL MEETING N. F. W. A. SAN ANTONIO, TEXAS

1. Ray Sutton and W. Parker Lyon, Jr., both of Pasadena, and Howard S. Tierney, New York City. 2. O. E. Latimer, San Antonio, chairman of the Texas association's reception committee. 3. Joseph R. Cochran, Minneapolis; J. P. Ricks, Jackson, Miss.; Elmer A. Eulass, Chicago; Milo W. Bekins, Los Angeles. 4. O. C. Taylor, Seattle; G. K. Weatherred, Dallas; Benjamin S. Hurwitz, Houston. 5. Group includes William T. Bostwick, new eastern vice-president; Ralph J. Wood, Chicago, secretary; and C. J. Hamilton, Baltimore. 6. Misses Shirley Meyer (standing) Chicago and Jane Iredale, Evanston, Ill., with Mrs. Thomas A. Jackson, Chicago. 7. Seated, Mrs. Francis Buckley, Boston; Mrs. Arthur Reebie, Chicago; Mrs. N. S. von Phul, San Antonio; Mrs. Milo W. Bekins, Los Angeles; standing, Mr. Buckley and Mr. Reebie. 8. Arcy Gordon and father, W. A. Gordon, Omaha.

buying can be worked out. This plan is being recognized and studied by other large trade associations. The elimination of acquisitional charges alone is a big item that figures largely in a reduced cost."

A learned insurance counsellor, "always on the job, always posted, could work with the committee and really do things," Mr. Cresto declared, concluding:

"Statistics from some of our members indicate they are improperly classified and paying a higher rate than necessary. A counsellor with these before him could take the time to advise for their correction. Group life and health insurance, such as the National is grappling with at present, is correlated to that of compensation insurance. Superannuated employees is a problem facing all industries. In this age of cost accounting all of you can give direct testimony to what effect old employees bear to your

business. These problems and many others can furnish much upon which an able and energetic insurance counsellor can fruitfully apply his skill."

## Transit Coverage

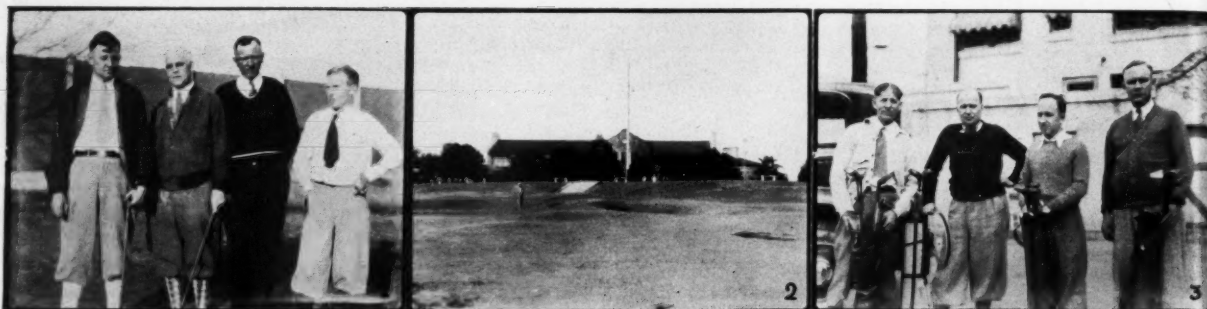
Although the present form of the National's standard marine insurance transit policy "is simple enough," E. B. Gould, San Diego, chairman of the transit insurance sub-committee, suggested in his report, the members selling this type of coverage should "explain fully to the customers just what they are buying," in order to avoid the possibility of creating dissatisfied patrons and as a protection to the receiving warehouses.

Mr. Gould called attention to "the difference in rates for insurance as sold by the warehousemen and by the three companies which they represent," declaring the committee had been advised that

"at the present time there is a difference of nearly 33 1/3 to 40 per cent in the selling prices of the policies." Suggestion has been made, he said, "that a standard rate be arrived at," and he thought this was something for the insurance companies themselves to clear up or for the local and regional associations where such insurance is sold.

"On the whole," Mr. Gould stated, "it would appear that some progress has been made in the sale of transit insurance. We sometimes look at the objectionable features too closely and forget what improvement has been accomplished. Looking back over a period of years, we must recognize the fact that we are now giving to the customer more protection than we did a number of years ago in the sale of insurance. For the past five or six years we have been selling a transit insurance policy that was not in existence before, and this more complete coverage must have worked to





1. Bryan Erwin, M. K. & T. R'way; Robert M. Ferguson, New York City; J. H. Rimback, Jr., South Orange, N. J.; Frank J. Summers, Newark, N. J. 2. San Antonio Country Club. 3. Ray Ford, Omaha; G. A. Wright, Marion, Ohio; Joseph A. Hollander, Chicago; Ernest P. Martin, Wooster, Ohio.

the advantage of a great many customers who had losses or damages in transit. If we can continue to improve the policy and at the same time realize that an advancement has been made in transit insurance protection, we will eventually clear up most of the causes for complaint. We will, however, always have some inconvenience in settling claims, and particularly in settling claims of a small proportion of the buyers or those who claim unjustly."

C. C. Stetson, St. Paul, suggested that duplicates of policies, rather than certificates, be given to customers, the customer's copy to contain full terms and conditions.

Another suggestion from the floor, and which did not meet with general favor, was that a standard or uniform rate be charged to customers, the rate to be fixed by the National, which would recommend it to the members.

F. L. Bateman, Chicago, offered a resolution, which was adopted, congratulating P. J. Mills, Des Moines, for his career of a half-century in warehousing. This memorial was to be sent to Des Moines newspapers for publication.

### Railroad Traffic

**M**R. BATEMAN, reporting as chairman of the railroad traffic committee, reviewed briefly the roads' rate-making and alluded to "endless argument between the carriers and the different railroad territorial committees on the division of charges covering carloads of household goods and/or emigrant movables" forwarded between territories. He told of the National's unsuccessful efforts to get relief, and continued:

"There is now pending before the Interstate Commerce Commission what is known as the Western Trunk Line case in which carriers are asking for a horizontal increase in all class rates. When this important case will be adjusted it is difficult to say, but until such time there is little likelihood of the Commission entertaining any suggestion for changing rates on any one commodity. When the general case is decided, it is our recommendation that the whole subject of household goods rating be taken up with the view of inducing a favorable spread

between the carload and less than carload rates.

"To attempt to reestablish emigrant movable rates between cities of the Middle West and South as a lone issue, operating as it does squarely against the Commission's order for simplification of tariffs, will be difficult. To take the case up on formal appeal would require many months of work and expense with the risk of eventual loss, and we doubt the wisdom of such procedure. In other words, we believe there is more hope for a wider spread between the carload and less than carload charges on a class rate adjustment than to hope for a special exception in the form of the so-called emigrant movable rate."

As part of this development, Mr. Bateman suggested, shipping containers for household goods might offer a satisfactory solution, the trend of the times being, in his opinion, toward such an elastic container unit.

"Motor van operations," he said, "have implanted in the householders' minds a strong desire to avoid the expense and trouble of crating goods for shipment. A diminishing sentimental interest in personal chattels occasions less willingness to burden shipping operations with much expense."

The desired objective, Mr. Bateman declared, would be a nationwide set of rates based on mileage and applicable to weight of goods alone, with container tare deducted as part of the railroad equipment, with one system of rates governing throughout the country. Rates should be predicated solely on weights and distance of carriage, he said, and excess value should be insurable on stipulation between owner and carrier. As transportation equipment, the container should be adaptable to household goods, and at the same time available as a standard unit for carriage in railroad gondola cars with general merchandise, the unit to be one easily handled and interchangeable between truck and rail, thus enabling the warehouseman to render complete service from door to door on rates sufficiently low to induce shipment, yet producing profit.

"The elimination of the incompetent rate-cutting operator," he commented, "can be accomplished only by such standardization and stabilization of rates and services."

Mr. Bateman, who is president of the Transcontinental Freight Co., referred to the I. C. C.'s recommendation to Congress that freight forwarders be regulated by the Commission.

"This is highly desirable and necessary as a means of stabilization," he said. "However, the degree of regulation affords a difficult question. Will a warehouse or transfer company in Detroit consigning a shipment to a similar company in Kansas City be considered a forwarder and as such be required to file rates and operate under the Act, or will regulation apply only to corporations, associations or groups handling the service at both ends of the line?"

"Right here is where the importance of the question of regulation hinges if stabilization and the mutual interest of warehousemen and railroads are to be furthered."

The consolidated car movement of household goods had suffered considerable of an eclipse in recent years, Mr. Bateman pointed out, and "if all agencies now attempting to render a consolidated car lot service could be brought together in some fashion that would be satisfactory and at the same time preserve the equity of those who originate the tonnage, it would be highly desirable from a public service standpoint."

Mr. Bateman reminded that an N. F. W. A. committee of seven, chairedman by Mr. Kennelly and of which Mr. Bateman is a member, was investigating the phases of changing transportation conditions, and he offered the following "general principles as a basis of action":

1. Promotion of a satisfactory spread between carload and less than carload freight rates as long as present operating conditions continue.

2. Research and development of a standardized container unit for coordination of rail and highway processes of handling household goods.

3. Confirmation of the principle that railroad transportation is essential and valuable for handling shipments other than for short distances, and to that end cooperation be pledged in working out mutually satisfactory operating conditions.

The question "Should the association sponsor cooperative audit of freight

ills?" was discussed briefly and referred to the incoming railroad traffic committee. Opinion developed on the floor appeared to be that this problem was regional rather than national.

### The Elections

AS chairman of the nominating committee, Mr. Gould submitted his slate and the officers and directors were elected, as announced in the February *Distribution and Warehousing*.

The newcomers to the board are Martin H. Kennelly, Chicago, as president; William T. Bostwick, New York, as eastern regional vice-president; and Oscar W. Kreutzer, Milwaukee, and John J. Woodside, Jr., Atlanta, as three-year directors.

The retiring president, Mr. Keenan, was elected a director for three years; and Mr. Bateman, whose three-year term had expired, was re-elected for the same period.

All the other officers were re-elected—J. P. Ricks, Marion R. Niedringhaus and Harvey B. Lyon as southern, central and western vice-presidents, respectively; Ralph J. Wood as secretary, and James D. Dunn, Detroit, as treasurer.

Mr. Bateman attempted to withdraw from the board, on which he has served continuously as president or a director since the National was organized, but the convention would not have it so. Mr. Bateman said he was an advocate of the good theory that officers should rotate, and he thought it was time he retired. William R. Palmer, New Haven, Conn., protested against what he called a "threatened disaster," and R. V. Weicker, Denver, said the withdrawal should not be accepted. On motion by Mr. Dunn it was voted unanimously that the declaration be withdrawn, and, under such pressure, Mr. Bateman consented to be re-elected.

Mr. Kennelly established a precedent for incoming presidents by outlining a program of activity for the year ahead. What Mr. Kennelly purposed was published virtually in full in the February *Distribution and Warehousing*. He urged a square deal for the railroads; spoke of the leadership attained by the Allied Van Lines in long distance moving; referred to the plans for developing a standardized container unit for rail shipments; advocated cooperative buying; emphasized the necessity of promoting happiness and prosperity for employees, and indorsed the idea of only one meeting a year for the National, with summertime regional gatherings.

Incidentally it developed at the San Antonio convention that Mr. Kennelly had resigned as president of the Allied Van Lines, in view of his duties as new executive head of the N. F. W. A. It was reported unofficially that Barrett C. Gilbert, New York, eastern vice-president of the A. V. L., might be elected as Mr. Kennelly's A. V. L. successor.

Nominations for the 1932 nominating committee were called from the floor, and the subsequent election resulted in the following personnel:

R. V. Weicker, Denver, chairman; for

the eastern division, Fred L. Harner, Philadelphia; for the central division, P. J. Mills, Des Moines; for the southern division, W. L. Inglis, Atlanta; for the western division, Frank A. Payne, Los Angeles.

### Legislation

WILLIAM R. PALMER, New Haven, in his report as chairman of the legislative committee, discussed the problems (1) whether a warehouseman can collect charges against goods which have been sold on a conditional bill of sale or under a chattel mortgage and (2) what method the warehouseman should pursue in issuing a warehouse receipt covering packages of goods the contents and quality of which were not known.

As to the first, there was "no legal method," he declared, explaining that "the original seller of the goods retains his ownership in them until all the conditions contained in the bill of sale have been complied with."

Regarding the second, Mr. Palmer "warned" that "in case of a claim for conversion the bailor can produce in Court witnesses who will testify that after the goods were received in the warehouse the contents of the packages had been inspected by the witnesses and that at a later date the witnesses had reexamined the packages and found that their contents did not coincide with the first inventory, either as to quantity or quality" and that "the jury has a right to believe this testimony and to conclude therefrom that some conversion has taken place."

Mr. Palmer advocated State reciprocity in motor truck regulation and urged the N. F. W. A. directors to consider a plan for equitable coordination between motor truck operators and railroads, if necessary employing an attorney to prepare a bill providing uniformity in the States.

### Truck Regulation

EXECUTIVE Secretary Reimers read "without recommendation" a presentation, before the Interstate Commerce Commission at Washington on March 4, on coordination of motor trucks with railroads, the Washington session being the final one of a series of I. C. C. hearings on this subject. Mr. Reimers

proposed that the following fundamentals should govern the granting of licenses:

1. Provision for fully covering the cost of administering and enforcing State and Federal laws; and proportionate cost of construction and maintenance of highways.

2. Filing of non-discriminatory tariffs approved by commissions.

3. Penalties for discrimination in the application of tariffs or deviations therefrom.

4. Commissions in approving tariffs be governed by costs and decline approval of any tariffs which do not anticipate a reasonable profit in operations.

5. Require motor operators to keep adequate records of operating costs and to make monthly reports thereof to the commission in addition to financial reports.

6. Provide the commission with authority to refuse to issue or renew annual motor-for-hire operators' licenses providing the factors fundamental to successful operations are not evident.

"In the regulation of business by the Federal Trade Commission or commissions," Mr. Reimers declared, "it seems time that the Government require business to operate on a basis which will provide for profits to investors, labor stability, and payment of American standard of wages. Ignorance should not be permitted to undermine legitimate industry and contribute to labor insecurity and instability."

"There are truck and bus companies that have never paid a dollar to the investor and employ help at low wages and unusually long hours, consistently undermining other transportation agencies and truck operators, who are attempting to meet sound investment and labor requirements. The service is not offered or sold on its merits; it is largely a matter of going into business and getting it any price; little thought is given as to the future."

"We naturally are in sympathy with the small operator who endeavors to go into business for himself; but such are generally better off to be in the employ of others. It is generally a 'jitney' service which they perform and their activity does nothing to promote the orderly and economic development of motor transportation. To the contrary only



Left to right—Joseph H. Meyer, Chicago; R. V. Weicker, Denver; John D. White, Brooklyn; Louis Schramm, Sr., New York City; R. C. Knipe, Jr., Brooklyn; Benjamin F. Brockway, New York City; F. L. Bateman, Chicago; George B. Anderson, Evanston.



chaos is added. However, our proposal as to regulation does not hamper any one having initiative ability, nor does it retard desirable experimentation in new transportation agencies."

Lengthy discussion ensued as to whether the National should actively seek regulation of some character or merely make a presentation of the industry's problems. It was obvious that a majority opposed any effort to advocate regulation.

At the conclusion of the talk Mr. Bateman analyzed all that had been said from the floor and suggested a plan which, on motion by Ernest T. Chadwell, Nashville, was approved. Under this plan Mr. Reimers was instructed to place the National on record before the I. C. C., but without either advocating or opposing regulation, by presenting a statement of facts from household goods warehousing's viewpoint. The statement, to have first the approval of the National's directors, should, it was agreed, recite the industry's experience, as hauler of household goods, in relation to operation, licenses, certificates, taxes, tariffs, record-keeping, State legislation, State commission supervision, States' reciprocity, wages, costs, profits, etc.

### Construction

IN view of the fact that "business conditions at large may be generally attributed to supplying the market with more than it can consume," Ernest H. Milligan, New York, said in his report as chairman of the warehouse construction committee, "it would be wise to strike a note of warning on the subject of over-building and top-heavy financing such as would tend to weaken the old structure, rather than to give suggestions as to how and where to build."

Mr. Milligan surveyed "the changes that have occurred in the storage business within the past few years," and declared that "our industry cannot be exempt from those which have been guilty of over-expansion and those who have generally contributed to the present depression," adding:

"Over-building is injurious to the business as a whole, not only because it causes much anxiety to those who do it but because it will reflect on the credit of the industry as a whole. Before building, therefore, study the need of your market thoroughly and give due consideration to the methods which it will be necessary to use to finance your proposition."

"Do not build unless you are sure that additional space is needed in your community, that you are able to finance the cost and that the investment will be profitable. Financing is the most important item and is the rock that has caused many a wreck. It is better, as additional space is needed, to add smaller units thereto as the demand warrants."

### Publicity

THE report made on behalf of Morrison C. Wood, Chicago, as chairman of the publicity committee, made no rec-

ommendations, but noted that "members are advertising not only in increasing numbers but with increasing quality of advertising." Regarding use of telephone books he held that "in some localities it might be a good thing, in others it might be unwise." He concluded by asking for suggestions as to use of mediums for advertising.

A paper "Whadowesell" was read on behalf of the vice-chairman, Rodney S. Sprigg, Los Angeles, who outlined suggestions as to what prospective patrons should be told in advertising and publicity copy—including fire protection, cleanliness, responsibility, integrity.

### Accounting

THE report of the cost and accounting committee, chaired by James E. Mulligan, Newark, N. J., included a cost accounting system proposed to Executive Secretary Reimers by a Chicago accounting firm, and which Mr. Reimers had turned over to the committee for consideration.

"The committee believes," Mr. Mulligan recommended, "that any survey at a reasonable cost which would be tangibly helpful to our industry is worth while, providing, however, the association as a whole definitely expresses itself for it, and providing the majority of our members declare their intention of using the information gotten from such a survey. Otherwise we believed the proposed survey inadvisable at this time."

"In making this decision we, without prejudice either way, ask you to consider the fact that a minority of our warehousemen—and not a majority—are using the accounting forms adopted by our association."

Mr. Mulligan said the committee endorsed Mr. Reimers' idea that certain statistical information be made available to the membership, and approved also Mr. Reimers' suggestion that periodical reports covering "unoccupancy as a means of discouraging warehouse construction not needed and ill advised" be compiled and published.

### Board Sessions

THE directors held several sessions, and one of its actions was to vote to enforce drastically the by-laws provision which provides for suspension of members for failure to remit collections.

The following firms were elected to membership:

Great Neck Storage Co., Inc., Great Neck, N. Y.; Al Zeffiro Transfer & Storage, Donora, Pa.; C. F. Baade & Son, Detroit; Red Arrow Trucking & Storage, Inc., Elyria, Ohio; Wilson Storage & Transfer Co., Sioux Falls, S. D.; Kedney Warehouse Co., Inc., St. Paul; Lyon Van & Storage Co., Portland, Ore.; Jackson Truck & Storage Co., Jackson, Miss. (reinstated); Madison Fireproof Warehouse, Madison, Wis. (reinstated); Ferriss Warehouse & Storage Co., Mobile, Ala.; Zaban Storage Co., Atlanta (reinstated).

Other applications were considered

and either action was deferred or the requests were rejected. Some firms were found not to have been in business sufficiently long; several were denied because they had not joined local associations; regarding others, their method of doing business was questioned or their financial responsibility had not been established. The discussions indicated the degree of care which is taken by the board to safeguard the membership. One company was suspended for failure to cooperate, and several other firms were dropped for various reasons.

Resignations were accepted from the Wilmington Transfer & Storage Co., Wilmington, Cal., now in merchandise warehousing only; Murphy Transfer & Storage Co., St. Paul, which has disposed of its household goods business; Hasley Brothers Transfer & Storage, Pittsburgh; Brooklyn Warehouse & Storage Co., now out of business; Dane's Express Line, Milwaukee; Union Storage & Transfer, Ltd., Winnipeg, Canada; Lincoln Storage Warehouses, Inc., East Orange, N. J.; Charles H. Rix, Inc., New York City.

The one-meeting-a-year plan was discussed, and it was voted to prepare a proposed change in the by-laws and to present it at the 1932 winter meeting for a vote. This assures a 1931 summer gathering, and selection of Mackinac Island, Mich., in July, was tentatively approved, subject to arranging satisfactory Great Lakes transportation.

William I. Ford, Dallas, a past president of the N. F. W. A., was unable to go to San Antonio because of a serious illness. In the writer's recollection this is the first National assembly which the Texan executive has not attended. Mrs. Ford boarded the delegates' train at Dallas and rode part way to San Antonio.

The directors, at their meeting before the convention was called to order, voted to send a telegram of sympathy to Mr. Ford. During the convention a reply came from him that he expected to be out of bed soon.

As an innovation the annual banquet was not held in the convention city. Instead the delegates and their ladies crossed the border into Nuevo Laredo, Mexico, and dined and danced at a "palace." During the evening the retiring president, Mr. Keenan, was presented with a gold watch.

The trip into Mexico was arranged by the Texas Warehouse & Transfermen's Association, which must have spent something more than \$1,000 entertaining its storage guests in San Antonio and Nuevo Laredo. The Texas association's reception committee was headed by O. E. Latimer, San Antonio, since elected the association's president; serving with him were Roy Binyon, then the president; Mr. Ford; B. Frank Johnson, the association's secretary; and Harry Leonard, O. J. Loyer, K. K. Meisenbach, S. G. Nelson, N. S. von Phul and G. K. Weathered.



# DISTRIBUTION

Its Economic Relation  
to Public Warehousing

## Number 72

### *The "Midget" Idea in Modern Warehousing. The Storage Industry Confronted with Necessity of Quitting Old-Fashioned Distribution*

By H. A. HARING

PROBABLY the outstanding feature of the year 1930, as it goes into business history, will not be the depression that so heavily weighed upon us throughout its twelve months. The feature that will make history will be "what we did about it" far more than what we suffered. And "what we did about it" is expressed in some such words as "miniature" or "baby sized" or "midget."

The tabloid apartment we have had so long that city folks, in particular, hardly know the word "attic." Modern houses, even in suburban districts, are today built with only a cupboard or two. Unused space, or space not absolutely necessary, is nowadays considered an extravagance.

Our whole type of small houses, especially of the so-called "bungalow" pattern, originated in southern California. There the people live much out of doors. The only need for a house is to shelter them at night and furnish a roof for the cook stove. Therefore they developed houses with rather small bedrooms, a tiny suggestion of a kitchen, and no dining room at all. In fair weather—which means more than ten months—the porch

suffices for that purpose; in the other few weeks of the year a corner of some room is requisitioned. These houses, while shocking old-fashioned standards of fifteen years ago, yet swept the country, because of their obvious economies. They are inexpensive to build, cost little to equip because no one expects fine furniture in a bungalow, and, day to day, require so little work of the housewife.

Houses of tabloid size so perfectly fitted the trend of the times that they have grown in popularity. Women are no longer content to slave away all their hours. They want freedom. They got it through midget houses—"midget" as compared with those rambling places their New England grandmothers cared for, with their best parlors never opened from one house-cleaning to the next unless there was funeral or wedding.

We have come a long way in a single generation. One thing we have learned and learned well. It is that unused space is extravagance, unused equipment a waste of money, unused anything a mark of carelessness.

And, in business, unused things seriously cut into profits.

WE have lived through a succession of business efforts to cut out losses. We had the "turnover" doctrine, which urged every wholesaler and retailer to turn his stock more times in a year. From the customer we had the same thing, but expressed as "hand-to-mouth" buying. Then, by a slight change of wording, we told the retailer to cut costs by "controlling his inventory." This meant the same thing but under a more dignified way of thinking—especially when used by salesmen of cash registers and calculating machines as they urged the dealer to invest in mechanical ways to "control" his accounts.

The business recession of last year showed how thoroughly jobbers and dealers had learned to control inventories, and how the consumer had learned to live from hand to mouth. Both managed to get along for a year by buying less and less. They made "the old" do, except for chewing gum and cigarettes and staple foods.

Then, like a scream at the low ebb of depression, came miniature golf. No need for us here to repeat the story. It swept the country. People out of work,

and people who refused to buy clothes and furniture, flocked to the tiny courses. The reason was far deeper than the fanciful name of "Tom Thumb." Golf—which was the privilege of the man who had cash to spend and which demands daylight hours when common mortals must be on the job—was suddenly within reach of the masses. The miniature golf is not, in one sense, golf at all. It is hardly more than glorified croquet, and we all play under compulsion. It carried the wonderful name "golf" and it was inexpensive. The very thought of "peewee" or "miniature" or "Tom Thumb" fitted into the prevalent mind of the people. It was economical.

In early summer came the first of the midget automobiles, announced more than a year before. Austin cars make you smile the first time one is seen. Quite likely you enlivened the table conversation that night telling about it—especially if you happen to be a fat man or more than six feet tall.

But, aside from all the sales to college boys and high school students and commuters for second cars, the midget

car makes an immediate appeal to business. Druggists have seized upon them for delivery. Laundries and valetorias and milliners, and both the telegraph companies, and department stores for special deliveries, and a host of others, find the midget car a solution of many problems. The Austin is better than a bicycle or motorcycle, because it gives protection to the goods. It can be used in all weathers; the boy on the cycle was all right on fair days and when pavements were not skiddy, but failed utterly at other times. Yet, at the other extreme, the Austin costs less than a Ford or Chevrolet from start to finish. It lies midway between a glorified bicycle and a run-down automobile.

It is miniature in everything—size, capacity for load, ease of handling, investment cost and maintenance cost. It is, therefore, ideal for this tabloid age when we are seeking for things that cost less and yet will serve the purpose. The Austin has, within six months, made serious inroads into mercantile sales of larger automobiles. It has, in this manner, emphasized again the trend of the times for tiny or midget things.

# DISTRIBUTION

## Its Economic Relation to Public Warehousing

And, in August, the radio world woke up to midget radios.

These had appeared in Los Angeles in 1929. So quickly popular were they that in less than six months twenty makers of midgets sprung up in and about that city. The great eastern radio makers heard about the new prodigies, but shrugged their shoulders.

"Just like those bungalows," they declared. "All right for San Diego and Los Angeles where people live in cubicles. But they'll never cross the Rockies."

But they did. In August two eastern makers, with reputation for standard radios at high prices, broke into national advertising with midgets at \$49.50 and \$59.50, without tubes. Allowing \$16-\$20 for the five-seven tubes, these prices are still less than \$80. Therefore, in the radio industry, any price less than \$80 complete is now considered a "midget" price. These compare with prices that range from \$100 to \$450 for standard makes.

Factories sprung up everywhere. By October first, when the season reaches its peak, fifty-four makers of midgets had appeared, large enough and important enough to gain a listing in the principal trade publication. Unknown hundreds of fly-by-nighters were turning out a few dozen sets a day from garages and cellars and attics. These fifty-four makers of midgets outnumbered the makers of standard sets, who total about forty. Interesting to record, too, more than half the midget manufacturers remain in Los Angeles and southern California.

But not so with the selling. Nor the big output.

In October trade estimates had it that one-half of the receiving sets being sold, throughout all the country, were of the miniature size! This does not mean a half of the total in dollars, merely in number of units. In New York City, for November, this ratio was even larger. Exactly 60.5 per cent of the units sold in the metropolis that month were the new midgets. Little wonder that the radio world has suffered another major upset. All the woes of business depression have been augmented by a rush to buy midgets!

Many of these midgets are barely better than a jumble of wires on a breadboard. Some of them are as fragile as egg cases. Others, of course, are good. Taken as a whole, they approximate the satisfaction of the standard—and higher priced—sets, with only the difference of size. The babies are about the size of the loud speaker of 1929, made possible by some fellow's genius who discovered how to put together everything of the standard radio into less space.

They are not so good. They have limited tone quality. Yet they are radios. They give results. Best of all,

they fit the trend of the times—that insistent demand for lower prices and for compactness. They surely fit the tabloid home and the leaner family purse.

### Stores, Too

RETAILERS have pushed hand-to-mouth ideas one step further. The store has gone "midget." This will probably be an outstanding bit of business history for the year 1930.

Retailers have learned how to control their inventory. They have become adepts at turning stocks more times in a year. All this has only one meaning, which is that stores may be smaller and still do a good business.

This is a logical outcome. If inventories can be controlled, it means that the dealer requires less investment in stocks. If turnover can be multiplied, it means less shelf room for the same volume in a year's time. If hand-to-mouth buying is practicable for the dealer, it means that he requires less "numbers" and "sizes" of an article, and that a dozen of anything will bring as many sales as a gross. The only difference is that instead of buying a gross once a year, he now buys a dozen each month. But, from all these improvements in merchandising, there flows the same result: the store requires less shelf space and smaller storage capacity than it did.

Rent, always, is the big expense of retailing. Therefore, the obvious way to benefit from all these improvements is to cut down the rent.

As leases expire, stores are cutting their frontages in half. Half an hour's ramble through any city will prove how tremendously this movement has progressed. Walk about any familiar retail section. Call to mind what stood on each frontage in the roaring days of 1927 and 1928 and compare that with what your eyes see today. No matter where you live, the story is pretty sure to be the same.

Store frontages are being reduced. Store floors are being cut down. Store "upstairs" rooms and cellar storerooms are half what they were. Retailers are learning to do business in half-stores—that is, about half the space they did three years ago.

This development is the despair of owners of buildings. Although they charge more than half the old rental for one-half the space, and although they have more tenants than formerly, new buildings and new developments suffer. There is not the demand they had two years back.

We are not, however, just now concerned with the real estate matter, but with the bearing of all this on distribution of goods.

It is nothing in the world but an application of the idea of "midgets" to retail stores. The half-stores may lack

full stocks, they may crowd the customers, they may "hustle the customer through" as a cafeteria does; but, all the time, they are still stores. We have lost the old-fashioned idea that a retail store must have the leisure and the high ceilings of the main dining room of a hotel. A retail store is a place to sell goods.

In 1931 it adopts the "midget" conception of greater compactness—counters close together, stocks reduced to what will sell before more can be stocked, balconies and half-flights of stairs. What does it matter? The retailer sells the same volume as he did, with less for rent and less for payroll. He therefore makes more and that's why he is a retailer.

No! The miniature store is here to stay. We may finally dub it "miniature" or "peewee" or "baby" or "midget" or "Lilliput," but the name will not alter the fact. It remains, as a matter of fact, for some clever brain to give us a name that will stick.

Whatever the name is, it will suggest the idea of compactness and small size. It will suggest low expenses and much for the money.

The makers of linoleum made elaborate studies of what their dealers sell. They investigated sizes, patterns and colors. Then, by combining the results, they approached dealers with a plan under which any dealer was told the minimum stock he needed to carry. Instead of left-overs of odd sizes and queer patterns, he was shown how to stock and how to use swatches so that he could sell more floor covering with less of a stock. The unusual sizes were, of course, carried in stock by the manufacturer at a nearby warehouse. The dealer, however, went "midget" to that extent. His stock was reduced, his space conserved, but his profits stepped up.

Simmons for their mattresses did a similar thing. They discovered the proper stock for a retailer. They told him to cut his investment in half and make use of the company's 63 warehouses and 4 factory storages. As a result some of the Simmons dealers performed wonders last year. One furniture house, for example, is reported to have sold \$160,000 worth of mattresses with an average stock on hand of only \$10,000. Another, with an investment of \$196 in a single pattern (the Beauty Rest mattress) was able to make sales of \$2,000 in one month.

These illustrations are merely applications of control of inventory, or hand-to-mouth buying, or whatever you choose to call it. They are "midget" stocks of goods—not a year's supply ordered at one time. They are examples of what retailers are learning to do—do business with hardly more than samples of goods but with a warehouse stock somewhere near to buttress sales. It makes no

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difference to the customer whether the dealer withdraws a mattress from his own attic or telephones a warehouse for it. In neither case does the customer expect to carry it home with him, nor does he look for delivery within half a day. But to the dealer it means the difference between tying up capital in stock or being able to wait until a sale is made before ordering the goods.

### Jobbing

It seems hardly necessary to explain what this will mean to jobbing. In fact, the movement is already well under way.

The wholesaling of everything on the market has undergone great changes. We all know what they are. The jobber no longer takes orders for unbroken cases as the only unit he would trouble to handle. He has, for ten years and more, been happy to break up cases into small lots of a dozen; willing even to ship out in assorted lots of that awful "1/12 doz. only" which, once upon a time, was accepted only for trial orders of goods, but which, today, has become stereotyped on the order book. The wholesaler long ago accepted all the novelties of hand-to-mouth buying, and inventory control and rapid turnover of stock; and, by accepting those theories, he had to consent to fill orders for broken lots and odd quantities.

The same has occurred with those manufacturers who sell direct. In fact, they do whatever a jobber does, without much option. They, too, have learned to take orders for small quantities.

### Midget Warehouses

INEVITABLY this trend of the times for things small must affect our warehousing.

When the jobber makes delivery of broken lots, and when the manufacturer does the same for his direct selling, the warehouseman is caught. Inasmuch as he does for the manufacturer what the manufacturer would do for himself, the warehouseman must prepare to handle smaller lots. He must cut down his thought from carloads to packing cases, when he figures on storing the goods. He must pare down from cases to yet smaller lots, when he estimates on handling and delivering.

As the retailer thinks and deals in smaller lots, so he buys in tinier units. The whole process is one of "midgets," and we cannot alter the facts by howling about them.

The automobile makers scouted the Austin baby car. But before it had been on the market three months they were, one and all, turning loose their engineering staffs to give us flocks of "cars that will park on a postage stamp." They foresee the inevitable. The midget car fits a real need; it meets the trend of the times. An appreciable demand

will exist for smaller cars than we have known. What will be the final effect on limousines and seven-passenger coaches no one knows, but, just now, it is "midgets" or "go out."

The radio makers, even in early October, hooted at the thought of "babies" and "miniatures," but, ere the end of the month rolled around, they stared upon mountainous piles of their own unmarketable sets while the makers of "midgets" were hundreds of thousands of sets behind their orders. Today it is safe to aver that not a radio maker but is designing a "midget" of his own. When more than one-half of the purchases are of "midget" sets, the trend of the times is too distinct for a sane manufacturer to shut his eyes.

Now that miniature retailing is upon us, there can be only one answer from the manufacturer. He must prepare to deliver in smaller units than he has known.

And the warehouseman, as his agent, must set his organization in trim to handle the business.

In imagination, looking ahead one or two years, I can see the warehouses as a big market for Austin cars. No. not for their solicitors, as a means to cut down traveling expenses, but for the delivery of merchandise from store.

Handling a case of shirts from Troy will come to mean breaking open the case and delivering a box marked "6 shirts, pink, size 15." Handling paint from Glidden will mean "one gallon chrome green, No. 321." Kotex will mean "3 counter cartons." Southern Cotton Oil, "25 lbs. prime." California Packing, "1 doz. Del Monte peaches, 1 doz. Sun Kist apricots, 1 24-case Salmon." And so on. More extensively than anyone guesses today, there lies ahead more business in broken lots for the warehouses. They will do what the jobber has had to do: break packages and deliver assorted quantities.

### Larger Earnings

THIS change in distribution from carloads to midget lots will be ruinous to thoughts of tonnage in store. Our statistics of occupancy will mean less, as already they do. Warehousing is shifting rapidly from large bulks to smaller lots and more of them; and, as bulk comes down, occupancy ratios suffer.

Occupancy may suffer but profits will not. This is a tendency which we all have seen even in the three years of statistical reports to the Department of Commerce.

The public warehouse has become, in a word, more a vehicle of service in distribution than a place to stow away dead merchandise. Distribution is more important than storing. It is also far more profitable, once that the warehouseman learns how to charge for service as he

does for storage. Alert warehousemen, for three or four years now, have been scanning those fourteen "modifications" listed in the standard merchandise tariffs. They have been reading "the fine print," so to speak, and, in the reading, their eyes have paused at "modifications" numbered 1 and 14: "excess value" and "special."

These two "modifications" become highly important in the handling of small lots. They are closely associated with what the standard tariffs print under the headings: "Less than full lot unit quantity," "Individual package delivery" and "Small packages." For, under handling of midget lots of merchandise, floor load and percentage of occupancy and estimated earnings per square foot of space, become less and less of importance. Midget lots become ridiculous when measured by any such standards. They are too tiny.

Yet the manufacturer desires to store his goods. He also wishes handling, repacking, assorting and delivering. He expects to pay for these services.

It is the warehouseman's task to see that he pays the proper sum. First to remember is that the midget lot has a rate of value that the carload lot does not. Just as soon as a package is broken open by the warehouseman, its value goes up. The risk of loss and damage also goes up. Likewise, the risk of pilferage and the chances for mistakes in delivery.

The warehouseman ought to charge nearly as much for handling a cardboard box containing 6 shirts worth \$2 apiece as he does for handling a packing case that fills half a truck.

One of the shoe manufacturers tells me that he is paying ten cents a pair for shoes through a certain warehouse, and that he pays only twice that per case in another. He is better satisfied with ten cents a pair because he can make delivery of any quantity without a shipment from Brockton, Mass.

The second thing to remember in making these rates is that special services justify charges to correspond. Warehousemen know this, but often they overlook special items of cost in quoting the rate.

In the issue of *Distribution and Warehousing* for last December, in discussing the first year of the American Warehouseman's Association's advertising campaign, there was printed a list of the commodities for which inquiries had come to the Chicago headquarters. As the eye runs down that list nothing is so impressive as the number of midget articles. Possibly this impression is reinforced by information emanating from the Chicago office, as more detailed data are supplied by the manufacturers.

They want to know how to handle through warehouses such things as pajamas in dozens, work shirts in the same



quantity, shoes in half dozen lots, lawn fertilizer in five-pound tins, alarm clocks in dozens assorted by colors.

Inquiries such as these have come before. Warehousemen everywhere have been handling paint and varnish in broken lots. Occasionally other lines demand similar services. But, until the midget idea took hold of distribution, we never faced such a wholesale demand of this sort. Unless all signs are misleading, the next year will see a great shift in this direction.

The midget quantity, for another matter, will mesh our warehouses to advertising campaigns as never before.

A new commodity plans to enter a market. Crews of salesmen call on all retailers and jobbers to introduce the goods. They come armed with proof sheets of the advertisements that are to appear in local papers. They are primed with arguments to show the wonderful qualities of the product. They attempt to book an order from each retailer for two or three dozens, or half a dozen, cases, so that the dealer will be supplied with goods when the publicity creates demand.

This thing, however, is done several times a week. No city escapes. So regularly, indeed, is it done that dealers have become soured on the plan, for, to their sorrow, they have often found that demand was not created and that the goods did not move. Then, in three

weeks or a month, they were left high and dry with nearly all of the two or three dozens. Therefore, salesmen of this type find increasing difficulty in booking these advance orders.

But, if the campaign happens to take public fancy and if the people do ask for the goods, the entire effort falls flat. Dealers do not have the goods. By the time they have placed an order and delivery is possible, demand is cold. Again the dealer is left with unsold goods.

The up-to-date solution is for the manufacturer to show his faith in the campaign by stocking goods with a local warehouse and making arrangements for dealers to obtain goods on short notice. However tiny their orders, they should be filled without question. If the salesmen confine their talk to the quality of the goods, without pressure for an immediate order, but with evidence that the maker has confidence in his own campaign, they get a hearing from retailers that is impossible when they are intent on a signed order.

In the past, according to what manufacturers and their advertising agencies tell, it has not been easy to persuade warehouses to handle goods on this basis. They have been inexperienced in small lots. They want unbroken cases but shy at single dozens, with all the nuisance of petty handling and pettier deliveries. But, with the midget methods that lie ahead, the warehouses will

fit into plans of this sort as never before has been possible.

Herein lies a whole new field of opportunity for the public warehouse—for new business, created where nothing was before!

By rating up the warehouse's charges to correspond with the additional services of midget lots, the warehouse will earn more than it has. Tonnage may go down, but profits will rise. It is not a wild dream to say that our warehouses will become big buyers of Austin cars. It is merely a figurative way of saying that big trucks with three men will be displaced by smaller delivery units, with a single man to do the work, handling packages so small that no one will think of quoting by weight. The quotation will be for each package, or a dozen of the goods, even a single item.

It is the "midget" idea applied to warehousing. It is just as inevitable, before the end of 1931, as December is—inevitable because it made a strong beginning during 1930. "Midget" units fit the trend of the times. "Midgets" have upset our greatest outdoor sport; they have revolutionized our biggest industry, automobile making; they have seriously disturbed another, radio making. The "midget" apartment and home are accepted, as is the tabloid newspaper.

We may as well prepare for "midget" quantities in distribution and warehousing!

## ***Railroads' Right to Conduct Storage Business Is Argued Before Interstate Commerce Commission***

DISTRIBUTION AND WAREHOUSING'S  
Washington Bureau,  
1163 National Press Building.

**T**HE question whether railroads should be allowed to continue their present practice of providing storage space over extended periods for shipments arriving at ports along the Atlantic Coast and the Gulf Coast was gone into exhaustively in arguments presented on Jan. 7 before the Interstate Commerce Commission.

Another problem which received attention at the same time was whether the railroads should receive approval in the furnishing of free docking facilities to vessels arriving at their railheads from foreign ports.

The case is a fairly old one, having been instituted nine years ago by the Commission at the instance of the War Department, the United States Shipping Board, and port authorities of certain States and municipalities. The age of the case, and the size of the docket that has grown up from previous proceedings, resulted in a number of the counsel, as well as members of the Commission, giving evidence of the unfamiliarity with the exact contents of the record. This led to questions being raised as to the propriety of some of the facts cited in the arguments of the attorneys.

Charles E. Cotterill, appearing as

counsel for the American Warehouseman's Association, in reviewing the history of the case, pointed out that it began a number of years ago and at that time concerned only the South Atlantic and the Gulf. In the course of time, he continued, it was concluded by the Commission that the nature of the problem necessitated a broader territorial inquiry, and that by amendment to the order of investigation the North Atlantic was included.

The Commission's disposition of the case, he recalled, was by a vote of six to five, and consequently "there was always left some doubt whether such divisional vote truly expressed the conclusions of the membership of the Commission at that time concerning the two items of storage and dockage, because what seemed to be certain inconsistencies expressed in the opinion itself as to these items generated a belief that if they were to be disassociated from the extraneous matters, a comfortable majority of the Commission would be found supporting a conclusion which did not technically follow from the last decision in the case."

Mr. Cotterill contended that there was "no common law duty of common carriers in performing storage and warehousing," saying:

"It seems to have been traditional in

the common law that when a carrier has completed its transportation service it may become an involuntary warehouseman after the expiration of a brief period of time. That is, common carrier liability ceased after a suitable length of time was provided for the shipper to come and get his freight, and beyond that period of time the liability of the carrier became that of a warehouseman, and consequently it is reflected in the entire American rate structure."

Never, he continued, "has it been regarded as an attribute of common carriage or of transportation for a carrier to become and be a voluntary warehouseman. Particularly as applied to import traffic would those considerations seem to be sound, because when freight is discharged from vessels after a foreign journey the foreign attributes of the commerce have usually ended if the freight is put into storage.

"Storage of the kind with which we are here concerned is not transportation. But if it be transportation, the manner in which it is conducted is clearly unlawful.

"The railroads at the various ports put no time limit whatever upon the duration of this storage. Until a few weeks ago there was a time limit of twelve months in New York Harbor.

(Concluded on page 75)

# Erickson New President of the A. W. A.

Story of the Atlantic City Convention

By KENT B. STILES

I. C. C. to Be Asked to  
Investigate Railroad Stor-  
age Practices

**R**AILROAD storage competition and relationship with banking were features of discussion at the fortieth annual convention of the American Warehousemen's Association, at the Ambassador Hotel in Atlantic City on Jan. 28-31. The one was assailed as a menace to the industry and it was decided to appeal to the Interstate Commerce Commission for an investigation. The other was agreed to be essential to the healthy development of the merchandise and cold storage branches of the business.

An outstanding high light was action taken by the cold storage division looking toward separation from the American. The cold storage group either will join the American Institute of Refrigeration or form an organization of their own.

Elmer Erickson, who, vice-president of the Midland Warehouse & Transfer Co., Chicago, is a member of President Hoover's National Business Survey Conference, was elected general president. Fred R. Long, manager of the S. N. Long Warehouse, St. Louis, was re-

elected president of the merchandise division; and V. O. Appel, operating executive of the Fulton Market Cold Storage Co., Chicago, was chosen president of the cold storage division, succeeding the late O. C. Mackay of Boston. Edward Wuichet, president of the Union Storage Co., Dayton, Ohio, was reelected president of the American Chain of Warehouses; and E. V. D. Sullivan, president of the Terminal Warehouse Co., Philadelphia, was reelected president of Distribution Service, Inc.

Business conditions, new terminal projects, the Federal Trade Practice Conference situation, motor freight line competition, Federal regulation of warehousing, loans on cold storage products, Government occupancy statistics, carload rates, bonded warehouse storekeepers, cost accounting, national advertising—these were among the other subjects discussed.

A summary of what took place at the American's largest convention in five years was published in the February issue of *Distribution and Warehousing*. A more detailed report follows:

**F**OLLOWING the call to order by the president, Harry C. Herschman, St. Joseph, Mo., and invocation by the Rev. W. Rolland Raver, a local Methodist clergyman, Mr. Herschman presented his report, in which he stressed the value of A. W. A. insignia and declared that the warehouseman who resigned after years of membership was "an object of pity, for this action can have but one meaning—retrogression," and warehousemen must be made conscious of the fact that "failure to be identified with the A. W. A. is a liability."

"There are those engaged in the warehouse business," he pointed out, "who have never accepted their share of the responsibility for the upbuilding and welfare of their industry. This group consists of those who have lived in their own little world, never having caught the vision of enlarged service through cooperation, and who have no appreciation of that which might be of greatest advantage to them."

Mr. Herschman reviewed the meetings of the general board during the previous year and also committee and divisional activities; and, after declaring that the industry "must continue to guard its fundamentals by engaging in cost work and coordinate efforts along the lines of research," he concluded:

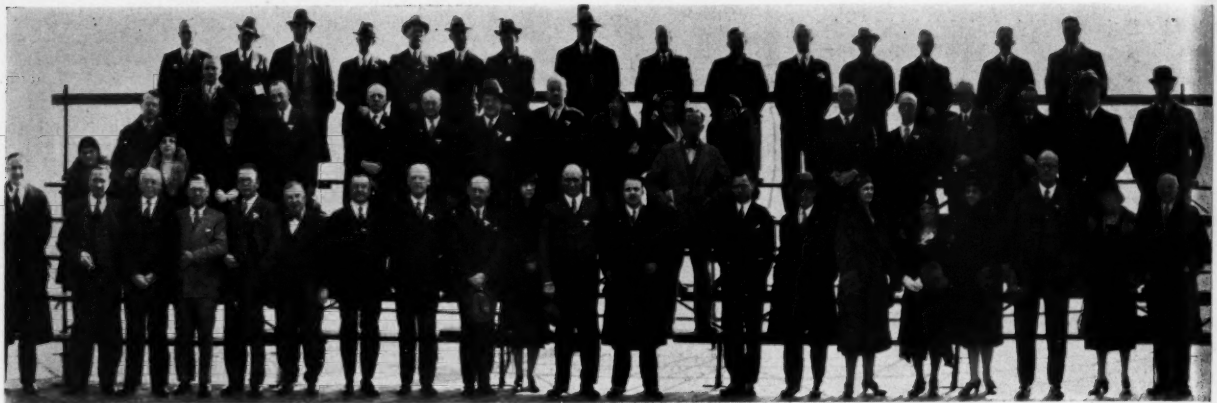


Elmer Erickson

"We have reached the period in business when the industry must at all times be prepared to meet changing conditions and situations which occur overnight and without warning. It is more essential now than in times less strenuous for us to face the present situation with full vigor, clear heads and keen vision. We must not feel the necessity of making concessions in any direction, or of traveling unstable paths by which we might gain a temporary advantage, only to find that in the long run we have burdened ourselves with fetters which cannot be thrown off.

"At no time in my experience has there been a greater need for a stiffening of the backbone and a grim determination to hew along the lines of doing business on a basis that will need no further readjustment when conditions return to normal.

"Our own industry represents an essential element in the economic structure of our nation. There is a distinct need for the service which we offer. As I contemplate the future I do so with a firm conviction that we shall, as an industry, increase in usefulness to our fellow man, and with an unflinching faith in the belief that, as individuals, the reward which we receive will not be less than that for which we have striven."



Along the boardwalk at Atlantic City—some of the delegates at the A. W. A. convention

Gardner Poole, Boston, a past general president, took the chair temporarily while Fred R. Long, St. Louis, offered a motion, which was adopted, that the association go on record as being appreciative of Mr. Herschman's administration.

E. A. Howard Baker, Denver, general secretary, confined his report to convention announcements.

C. A. Aspinwall, presenting his report as general treasurer, announced his retirement from that office.

President Herschman appointed J. R. Shoemaker, Elmira, N. Y., as chairman of the general resolutions committee; Harold L. Brown, Detroit, as chairman of the general nominating committee; and D. S. Adams, Kansas City, as chairman of the auditing committee.

J. Edgar Lee, Chicago, reporting as chairman of the United States warehouse Act committee, said it had been "a year of watchful waiting," the situation not having changed materially.

That John L. Nichols, a Boston veteran executive affectionately known as "Uncle John," was not present because his health was not good was called to the convention's attention by Mr. Long, who announced that the merchandise division asked the A. W. A. to enroll Mr. Nichols as a life member in recognition of his services to the industry. The suggestion was approved by a rising vote, and S. G. Spear, Boston, was designated to present the certificate to Mr. Nichols.

James C. Brown, Baltimore, reported as the association's national counselor to the Chamber of Commerce of the United States, outlining the features of the Chamber's 1930 meeting.

### Business Conditions

**ELMER ERICKSON**, reporting as a member of the National Business Survey Conference, expressed opinion that a turn for the better has been experienced.

"In reporting for the public warehousing industry one naturally has to take in all branches—cold storage, merchandise and household goods," Mr. Erickson said. "One would pick up information as best one could and try to strike an average. That was difficult for me

to do. To make certain we were on the right track, I sent a questionnaire last December to some 200 members of the industry. To show you how interested our industry and business generally are in the subject, I received replies from better than 90 per cent, most of them by air mail, conveying intelligent information.

"The information offered a comparison between 1928, 1929 and 1930. The general feeling is that our industry has not suffered as much as other industries; that 1930 compared quite favorably with 1928 and in some cases favorably with 1929.

"Subsequently I received additional information and relayed it to Washington. That information showed that the last quarter of the year did not measure up to the showing of the first three quarters. In merchandise and cold storage there was a drop in volume, or tonnage, though not as great as might be reflected in the American Railway Association report on carloadings. A good many informed me that there was a let-up in inquiries. We in merchandise warehousing, I think, all find that business during the last quarter, certainly during December, is a little less active than at other times.

"I have since learned there has come a turn up, and January is showing signs of a pick-up. The general feeling in the industry seems to be that by mid-summer, certainly by July, we shall find ourselves going along in step with other business, which will be on the upgrade and we hope near normal. I don't think anyone can describe what prosperity is any more. . . .

"We have reached the time in business when it is necessary to have up-to-date information as to the condition of our industry at all times. No one man, or any group, can decide in a short time on what basis they had best obtain information about conditions in the industry. To me it would seem as though space occupancy was the best key, or barometer, and the only thing I could use during the past year. Gross billings do indicate something of conditions, and so do inquiries. In cold storage warehousing, space plays its important part;

on the other hand, occupancy in the cold storage warehouses varies according to season and location of plants. In household goods warehousing, conditions and locations have a great deal to do with their reports.

"I strongly recommend that the two divisions of this association make it a point to arrive at some basis this year for developing facts which will be available not only in cases of depression, such as we have gone through, but in planning our business for the future. . . .

"I am among those who feel we are on the upgrade and that our industry will continue ahead and keep in step with other lines, taking up the maximum slack with which we are confronted, and making the best of things. Business generally is talking about tomorrow rather than yesterday. Now that we are here for the purpose of planning for tomorrow and organizing for the future, I am hoping there will be nothing to detract from that thought of marching ahead."

### Terminal Projects

**CHESTER B. CARRUTH**, Chicago, the merchandise division's cost accountant and statistician, reviewed at length his work of "assembling statistics relative to actual revenues and operating costs of experienced warehousing," the incorporation of the statistics into a monograph in connection with analyses of certain chain terminal promotion, and the publication and distribution of the monograph under the title "These New Terminal Warehouses." During the past year copies had been placed with 1,127 commercial banks, 760 investment banking houses and 272 chambers of commerce, he reported, and others had gone to persons interested in contemplated ventures.

During the year very few such projects appeared to be of the magnitude which previously had caused warehousing so much concern, but Mr. Carruth disclosed that through personal interviews and correspondence the Chicago headquarters office had been instrumental in blocking additional terminal space in many parts of the country, including

(Continued on page 30)





President and Mrs. Elmer Erickson



**40TH ANNUAL MEETING  
AMERICAN WAREHOUSEMEN'S ASSOCIATION  
ATLANTIC CITY, N.J.**

1. Harry C. Herschman, St. Joseph, Mo., retiring general president, and Mrs. Herschman. 2. S. G. Spear, Boston, merchandise division vice-president. 3. D. H. Van Name, New York City, new general treasurer, and Mrs. Van Name. 4. A. C. Pouch, New York City, and Mrs. Pouch. 5. Elmer Erickson, Chicago, new general president, and Mrs. Erickson. 6. J. F. Lenzen, Duluth; Mrs. Harold L. Brown, Detroit; Ross Marford, Minneapolis; Harold L. Brown, Detroit. 7. C. A. Aspinwall, Washington, D. C., retiring general treasurer; A. S. Blanchard, Rochester, N. Y.; Olin M. Jacobs, Boston. 8. Group includes C. F. B. Tippet, Toronto, and wife and daughters of A. K. Murray, New York City. 9. Mrs. M. B. Bowen, Indianapolis, and Marion Francis. 10. M. R. Mathews, Charleston, W. Va., and Mrs. Mathews. 11. Albert B. Drake and D. R. Crotsley, both of Newark, N. J. 12. J. Edgar Lee, Chicago, and Mrs. Lee.

Boston, Oklahoma City, Chattanooga, Nashville, Fort Pierce (Fla.), Brooklyn, Milwaukee, Baltimore, Salisbury (N. C.), Rome and Valdosta (Ga.), Mount Carmel (Pa.), Kansas City and New Orleans.

"In dealing with each project which comes to our attention," Mr. Carruth explained, "we endeavor to approach it with an open mind and to weigh carefully the individual factors involved, such as its nature, size, potential returns, etc. It is not our desire to stifle any legitimate project when there appears to be a field for it and a reasonable chance for its success. On the other hand, we cannot view with equanimity the launching of large enterprises in communities already provided for, nor can we let pass unchallenged extravagant and fallacious statements made by promoters in their attempts to show a need for their projects, or estimates of earnings wholly at variance with experience."

"The welfare of any community is measured by the success of the industries that comprise it. If a community holds an industry that is providing facilities more than adequate to care for the business procurable in that community, it directly follows that the injection of further facilities must create a competition which can only react harmfully upon both the new enterprise and those already established and consequently must react to the detriment of the community."

"The effect where warehousing is concerned is a destructive type of competition which involves the swapping of accounts coefficient with the breaking down of prices to the point of being non-compensatory and the gradual demoralization of the entire rate structure. Thus the sharing of the tonnage flowing into a community by a greater number of enterprises must react to jeopardize the ability of the several concerns involved of meeting their financial obligations, especially in the case of the new enterprise, which is generally handicapped by a cost of doing business greater than that of the older and perhaps long-established concerns. . . ."

"When rates decline in a community, the situation is capitalized by shippers and used as a sand-bag upon warehousemen in other communities with view to forcing them to reduce their rates, frequently with considerable success. As many products are warehoused nationally, the effect is therefore nationwide. Consequently every warehouseman should be seriously concerned with respect to these promotions, whether his own locality is directly involved or not."

"It is safe to say that if certain projects had not been stifled, the result would have been a considerable loss of tonnage to our members in the communities involved, and to them directly and to members located elsewhere, indirectly, a loss in revenue aggregating many thousands of dollars."

A. T. Gibson, San Francisco, chairman of the merchandise division's banking relations committee, introduced Robert H. Bean, executive secretary of the

American Acceptance Council, New York, as the next speaker, saying that Mr. Bean's statements were taken at face value by all bankers in the country. Mr. Gibson said he hoped that before the A. W. A. celebrated its eightieth birthday it would be warehousemen's practice to place in gold letters on their windows their figures covering capital, surplus, undivided profits, as banks do.

Mr. Bean made what was considered by many veteran delegates to be one of the outstanding of all convention addresses in warehousing associational history. He talked on the new relation of the warehouse business to banking. (Turn to page 10 for the text of Mr. Bean's paper.)



Fred R. Long, St. Louis, reelected president of merchandise division

Willard W. Morse, Minneapolis, declared that if there was one field more than any other in which lay warehousing's future it was in connection with banking, and that close relationship between the two industries would greatly improve warehousing's welfare.

President Herschman read opinions—extracts from the January issue of *Distribution and Warehousing*—by various association presidents regarding business reconstruction in 1931.

Mr. Shoemaker, introducing the next speaker, E. St. Elmo Lewis, Detroit, counsel in trade and consumer relations, commented that this was an age of specialists and that the general practitioner in business had become about as obsolete as the one in medicine.

Mr. Lewis discussed the relationship between warehousing and the public at large, his theme being "getting in tune with the times." The warehouseman must "cooperate or be a maverick," he declared. Business men must go into a huddle and quit swapping opinions, which business didn't care about, and find out facts instead. The warehouseman must give up "sacred independence" and work with his fellows. "The greatest failures in life are the lone players,"

was another of his bits of philosophy. Alluding to railroad competition, he said he would not be surprised to see the carriers some day "put on the spot" for doing a storage business. He predicted that some time the A. W. A. would be having a \$250,000 budget annually.

This concluded the first general session, and the delegates held divisional meetings throughout two days before assembling for adjournment.

## Merchandise Division

REPORTING for the merchandise executive committee as divisional president, Fred R. Long, St. Louis, announced that the entire 1930 debt had been paid off, with working capital remaining, and that Mr. Carruth had been asked to prepare a 1931 budget which would provide for a 30 per cent reduction in the members' dues. He defended the national advertising campaign in the light of reports of criticism, declaring it had been a success and would accrue to the benefit of both investors and non-investors. Mr. Long stated a field man would be retained to contact the members and effect closer cooperation.

Wilson V. Little, Chicago, executive secretary, presented a brief verbal report. It showed a membership of 348 companies, plus 19 branch houses, as of last Nov. 30. During the year there had been 49 resignations, of which 26 firms were no longer in merchandising warehousing.

Mr. Carruth in his report as the division's statistician informed the members that arrangements had been made with *Distribution and Warehousing* to act as distributing agent in selling the so-called specimen tariff, published under the title "Rate Schedules for Merchandise Warehousemen," explaining that it was felt that "this is the most practical way of reaching the greatest number of prospective purchasers."

Mr. Carruth reviewed his activities in personally contacting various warehouse associations at conventions and expressed opinion that "there is no activity of this division of greater importance than the maintenance of these inter-association relationships."

President Long appointed Mr. Erickson chairman of the resolutions committee.

R. M. King, Syracuse, in his report as chairman of the law and legislation committee, reviewed the year's developments; reminded that a Court decision in one State might have an important bearing on cases arising in other States; urged that proposed regulation of motor transport be watched and studied carefully, and alluded to various bills pending before Congress and State Legislatures. Referring to the Interstate Commerce Commission's inquiry into co-ordinated rail and truck operation, he expressed opinion that few of the hearings to date had "produced testimony of value, largely due to a lack of understanding on the part of truck operators as to what information in the way of testimony was wanted."

(Continued on page 32)



**40TH ANNUAL MEETING  
AMERICAN WAREHOUSEMEN'S ASSOCIATION  
ATLANTIC CITY, N.J.**

1. and 3. Hotel Ambassador, where the convention was held. 2. Henry F. Hiller and A. T. Gibson, both of San Francisco. 4. I. W. Mead, New York City, and F. W. Berry, Cincinnati. 5. B. R. Gage, Boston. 6. Horace Roberts, New York City. 7. Thomas Fruehauf; M. A. Compton, Boise, Idaho. 8. Mrs. Wilson V. Little, Chicago, and Mr. Little, who is executive secretary of the merchandise division. 9. A boardwalk scene. 10. Mrs. R. W. Dietrich, New Orleans, and Mr. Dietrich. 11. Mrs. R. V. Weicker, Denver, and Mr. Weicker. 12. Mr. and Mrs. Alex. Fleming, Montreal. 13. Mrs. William T. Bostwick, New York City, and Mr. Bostwick. 14. John G. Petritz, Rockford, Ill.; Miss Georgiana Murray, New York City; Willis D. Leet, Chicago



**Rate Spread**

THE members were informed in a brief paper read by Kent B. Stiles, editor of *Distribution and Warehousing*, that a committee representing the National Furniture Warehousemen's Association was active in a movement to bring about a wider spread between carload and less than carload railroad freight rates, the subject having been discussed at the National's convention at San Antonio earlier in the month. Mr. Stiles explained that he brought this situation to the A. W. A.'s attention at the request of a member of the N. F. W. A. committee, the thought at San Antonio being that the American and National should work together with a wider spread as the mutual aim. The paper read quoted at length from the San Antonio report of F. L. Bateman, Chicago, chairman of the National's railroad traffic committee.

C. A. Aspinwall, who is one of the National's directors, supported the suggestion that the two associations work in union, declaring the subject to be one of importance, and on his motion it was voted that a committee of seven be appointed to represent the American. President Long subsequently named H. B. Whipple, New York City, chairman; D. R. Crotsley, Newark, N. J.; Robert L. Spencer, Philadelphia; W. J. Bishop, Buffalo; R. W. Dietrich, New Orleans; J. Edgar Lee, Chicago; and R. M. King, Syracuse.

As chairman of the division's nominating committee, O. C. Taylor presented the following slate:

President, F. R. Long, St. Louis; vice-president, S. G. Spear, Boston; treasurer, H. D. Crooks, Chicago; executive committee members, D. S. Adams, Kansas City, Mo.; E. H. Bacon, Louisville, and James C. Brown, Baltimore.

**Rail Traffic**

UNDER the subject "Traffic and Transportation—Railroads," H. B. Whipple, New York City, read a paper on "Railroad Practices and Rates," in which he assailed the carriers' practices in according in-transit storage at less than cost.

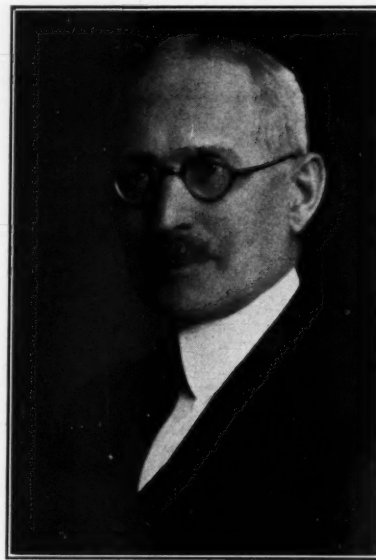
"This practice at New York hurts every warehouseman in the metropolitan area," Mr. Whipple declared, "and it hurts warehousemen in the interior because a merchant will hold his shipments at the point at which he can get the lowest storage rate. The rates at New York are lower than storage charges made at any of the other ports. The railroad representatives frankly admit that these charges are much too low, but that is as far as they will go."

"The expenditure by the railroads of large sums for warehouses as terminals, sometimes operated by them and sometimes operated through a controlled company, is a serious blow to the public warehouse industry generally. At a time when railroads are complaining of poor revenues it would seem that they should make every effort to avoid the reduction to line haul revenues resulting from terminal losses, instead of looking for

higher freight rates, which only permit trucking companies to compete with them more readily. Every warehouseman in the country should be interested in these cases."

Alluding to trucks competing with railroads, Mr. Whipple said that unless the rail carriers found a way to meet this competition "it will get beyond that possibility," adding: "It certainly seems that the problem will best be solved by quickly determining the character of the freight business that belongs to trucks and that which can best be handled by rail." He continued:

"The railroad schedule of freight rates is complicated. It stands in the way of the railroads securing and holding business which will be handled by trucks to a greater extent as time goes on. It would not be surprising to have



Edward Wuichet, Dayton, Ohio,  
reelected president of American  
Chain of Warehouses

a trucking service from one seaboard to the other, and of a character that will attract business, and give the railroads more cause to worry.

"What is the answer? Warehousemen should be interested in helping the railroads, even though many of them are also in the trucking business. A breakdown of the railroads would be a serious calamity. It may not come soon, but it is a probability for the comparatively near future."

"There are great difficulties in changing the present rail system of rates. First, the railroads would have to be convinced, and the shipping public would have to be educated. It seems to point to a system that will pay the railroads a minimum per car between two given points, based on short line mileage, and all rates would then be made on a mileage basis. The rates could be made per hundred pounds per mile, with lower rates for long hauls per mile. If the railroads released the value of all com-

modities to 'not to exceed \$10 per 100 pounds,' and accepted all classes of freight in a car, it could establish a minimum of two-thirds of the capacity of the car used. To make rates on proper basis, in addition to line haul revenue, a charge for terminal expense might be added for each end of line, and a minimum of say 25 miles established.

"Store door pick up and delivery service should be charged for separately."

"The forwarder would consolidate small lots, and less than carload freight would move at carload rates to points where consolidated cars were shipped; and, if necessary, to points beyond on the less carload rate, which would be about three times the carload rate."

"Some commodities would be hurt because they would take higher rates than at present, but they ought to take higher rates. A few commodities might need exceptions to the regular rates, at least for a limited time."

"Such a system of rates would make warehouses more valuable to railroads—and, in fact, it would make them almost a necessary part of them."

"The manufacturer and the distributor could figure their own rates and know where to locate their plant or their stocks to supply their trade. Undercharges and overcharges which are an annoyance in the adjustment of accounts, would be eliminated almost entirely. The saving in tariff expense, both as to the printing and to the forces employed—the saving in traffic forces, legal expenses, and the great improvement in the use of cars—would save the railroads many millions of dollars each year."

**Banking Relations**

THE banking relations committee's chairman, A. T. Gibson, San Francisco, declaring that Mr. Bean in his talk at the general session had "brought home to each of us in full measure the responsibility which warehousemen have assumed and the importance of the warehouse receipt as a document in the scheme of American credit structure," asserted that bankers today, anxious to lend money, were eagerly seeking opportunity "for safe and profitable business that warehouse receipt financing offers."

"Many bankers, lulled into a sense of false security by accepting so-called warehouse receipts, have learned a bitter lesson," Mr. Gibson said, "and the increase in popularity of warehouse receipt financing has been seriously retarded by the manner in which members of the warehouse industry have conducted their business."

"The bankers are crying for a touchstone by which they can test the integrity of warehouse receipts as presented to them. The duty of the American Warehousemen's Association to accept this responsibility of purging our industry from within is manifest."

Mr. Gibson reviewed the committee's activities in contacting the Federal Comptroller of Currency, State banking superintendents, Federal Reserve Bank officers, American Bankers Association, American Institute of Banking

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Banquet at fortieth annual convention of the A. W. A.—at Atlantic City, Jan. 30

and other financial powers, the aim having been to inform them of the responsibility behind the A. W. A. receipt and seal. Enthusiastic acceptance and commendation had been the response, he declared.

"Many times, no doubt," Mr. Gibson concluded, "you have had in competition with you the receipts of a subsidiary warehouse company or of a warehouse company of not sufficient financial strength to justify its engaging in the warehouse business where its receipts are to be used for bank collateral. Suggest to your local bankers before they take warehouse receipts that they communicate with our committee, which will give them an unprejudiced report on any warehouse company whose receipts may be offered them. Advise our committee if you know of any operations that come within your range of knowledge that do not make for the highest type of warehouse receipt operations."

"We are very anxious to have this information and we have channels through which this information can be handled confidentially which will eliminate in most cases such a picture from the warehouse field."

President Long suggested that the division's pamphlet "Warehouse Receipts as Collateral" be revised and brought up to date. Mr. Gibson indicated that this would be done by his committee in cooperation with the national advertising campaign committee.

In discussion of field or custodian warehousing Mr. Gibson, who has had long experience in this line, said it was highly technical in character, requiring training along legal lines. As a branch it was, he said, as distinct from merchandise warehousing as the latter is from cold storage or household goods warehousing. In reply to a question he said the practice was spreading.

### Advertising

AS chairman of the national advertising campaign committee D. S. Adams, Kansas City, reviewed the year's progress, telling of the magazines used, the pamphlets published, the direct mail effort, the work of the service bureau at the Chicago office, etc.

As for results, Mr. Adams included 2,600 inquiries received at the service bureau in eleven months, these being of "extremely desirable character, including many large nationally known corporations. These, he said, had led to 100 direct sales leads, and "as the average sales lead requested warehouse service in several cities, this resulted in about 1,600 warehouse lead notices being referred to investor warehouses," and eventually they would develop much new business for the industry.

George A. Rhame, Chicago, assistant executive secretary, said there were now 201 investor members, as against 194 a year previously, and that the committee had \$8,000 cash balance on Jan. 26, and Mr. Adams stated that this showed that the committee was staying well within its budget.

Donald D. Davis, of the Kansas City advertising campaign of Loomis, Baxter, Davis & Whalen, Inc., handling the campaign, said there were two sources of new business—growing concerns expanding regionally or nationally, and converts from branch warehouse operation. In the direct mail effort 25,000 names had been used, and he described the method of reaching, through the various business magazines, all classes of executives. *Time*, *World's Work*, *Fortune*, *Western Advertising & Business*, *Drug Trade News* and *Standard Remedies* were to be added to the 1931 list, he announced, and the circulation of the combination of this group and others already selected would result in advertising reaching 10,000,000 readers, with the advertising in the coming year to

feature testimonials from companies already sold on the warehouse method of distribution. He concluded:

"We have received a substantial volume of inquiries much earlier than we expected, and these inquiries are developing into sales leads faster than the most optimistic among us had anticipated. To us this is evidence that the campaign is soundly planned and that it is gathering the momentum which assures success."

Mr. Adams said that his committee felt that "these results are certainly well worth the money and effort" expended.

### Trade Practice

MR. CARRUTH reported regarding the proposal, suggested at the previous convention, that the division initiate a trade practice conference with the Federal Trade Commission, and outlined what must be demonstrated to the Commission with a view to interesting the latter in granting a conference. These include proof that the industry is engaged in activities involving competition in interstate commerce; that a preponderating influence within the industry desires a conference; and that within the industry are trade practices and competitive conditions of such nature as to warrant a conference.

Favorable reaction to the conference idea had been obtained, Mr. Carruth said, from the A. W. A. merchandise division, the Central Warehousemen's Association of Illinois, the State associations of Illinois, Massachusetts, Connecticut, Maryland, Minnesota, Missouri, California, Michigan, Wisconsin, Iowa and Colorado, the Warehousemen's Association of the Port of New York and the Southern Warehousemen's Association, and he believed this was evidence sufficient to satisfy the Commission as to the industry's attitude.

But while "we are substantially in position to prepare a petition for a con-



ference," Mr. Carruth continued, "I think that action should be deferred owing to the present status of the Trade Practice Conference plan." He said:

"It is common knowledge that last spring the Commission undertook a re-examination of all the rules which it had previously approved as components of the codes of the 118 industries operating under the plan, and consequently amended tentatively the codes of most of the industries involved.

"Rumor has advanced several reasons for the motivation of this action on the part of the Commission, such as propaganda on the part of certain high-priced lawyers in opposition to the Trade Practice Conference plan; congressional criticism of the rules; complaints by certain individuals of having been made victims of misapplication of rules in justification of illegal practices relating mainly to price-fixing. With whatever may have been the reasons for the Commission's action I apprehend we are not concerned. We are concerned, however, with its effect.

"When it became known that the Commission was engaged in a revision of the Trade Practice rules, the immediate effect upon industry seems to have been a feeling of extreme perturbation, and the tentative revisions made and subsequently submitted to the industries concerned gave rise to the opinion, in many quarters, that the benefits heretofore expected to accrue from the operation of the codes would be seriously impaired, if not actually nullified, and that the Trade Practice Conference plan was doomed to destruction. Among the codes affected we find that of the public cold storage industry which was revised in several particulars, most of which the committee for the industry deemed to be of minor importance; but the Commission had seen fit to delete the previously approved rule 13, which had provided for the publication and filing of tariffs, and had thereby removed, in the opinion of the cold storage committee, the keystone of the code structure. Consequently, unless the Commission can be induced to reinstate this rule in some satisfactory form, the Trade Practice Conference plan will be rendered substantially nugatory in so far as the cold storage industry is concerned. On the other hand, if the rule is reinstated it is felt that much good to the industry will result."

The merchandise division, accordingly, Mr. Carruth recommended, should defer action until the revised cold storage code had been released and the consequent reaction on the cold storage committee had become definitely known; and, should this reaction be unfavorable, "we should proceed no further"; but, should the reaction be favorable, "we should proceed to petition for a conference," with the cold storage code to be used as a model.

### Bonded Warehousing

REPORTING as chairman of the committee on bonded warehouses, H. A. Holt, New York City, anticipated fa-

vorable consideration, by both branches of Congress, of the proposed amendment to Sec. 493 of the Tariff Act of 1922, providing for the payment by the Government of deficiencies resulting from sale of bonded and general order merchandise.

The committee was not unanimous, Mr. Holt said, in a vote to oppose utilization of part-time storekeepers.

"There are," he explained, "many reasons why individual warehouses and groups at ports find the practice of

### Eastern Class Rate Volume

IN the eastern class rate situation the Interstate Commerce Commission has issued a supplementary report which substantially confirms its original report, making no changes in the fifth and sixth class rates.

To all intents and purposes this makes the book "Comparative Class Rate Book," published by the Stephen D. Rice Traffic Service and distributed by *Distribution and Warehousing*, a reliable source of freight tariff information for warehousemen and shippers in estimating what the new eastern rates will be.

As pointed out by H. A. Haring in last November's *Distribution and Warehousing*:

1. "The new rates encourage pool-car shipping, consolidated carloads, and carloads for spot stock.

2. "The new rates, in a word, favor the principle of warehousing. They increase the spread between carload and less than carload freights, thus increasing the savings to be made by warehousing the goods."

The Rice book, containing 183 pages, with a large map of the freight rate territory east of the Mississippi and north of the Potomac, may be obtained at \$12.50 a copy by addressing *Distribution and Warehousing*. This is one-half the original price.

obtaining storekeepers on an hourly basis to be highly objectionable. These warehouses and groups certainly may urge that by reason of the fact that their property is largely devoted to the Government's interest, and that they have available facilities maintained at their own expense for the promotion of trade and commerce to the interests of the Government, and in compliance with the statutes and regulations of the Government relating to such commerce, they should receive that protection which prevents the casual entrance into bonded warehouse business. On the other hand, there are warehouses at ports so situated as to trade or as to location that

the use of a part-time storekeeper is a justifiable economy. Therefore, without comment or argument, your committee refers to the convention the question of part-time storekeepers.

"Very closely linked with, but not dependent upon, the question of part-time storekeepers is the problem created by the extension of the practice of importers, in certain sections of the country particularly, to make use of Class 2 warehouses. If the storekeepers could be had only upon an annual or monthly basis, the use of Class 2 warehouses, it is felt, would be very appreciably diminished. Your committee feels that there is no question but that all bonded warehousemen labor under the burden of the provision providing for Class 2 warehouses. If a merchant finds it advisable to carry his importations in such volume that he may, with economy, institute and operate Class 2 warehouses, he is lost to the bonded merchandise warehousemen as a customer, for some greater or less period. Your committee is of the opinion that it would be ill advised of the association to assume a position adverse to the institution of legitimate and warranted Class 2 warehouses. On the other hand, it is felt that if the association does not decide to declare any opposition to part-time storekeepers, your committee should be authorized and instructed carefully to investigate to ascertain what appropriate method to discourage the use of Class 2 warehouses may be pursued. The committee should also be authorized to carry out such plans to that end as it might, in its discretion, deem appropriate."

Discussion from the floor indicated a variation of opinion regarding the problems presented by Mr. Holt, and President Long appointed a committee—S. G. Spear, R. W. Dietrich, Mr. Holt and H. E. S. Wilson, Hoboken, N. J.—to prepare a resolution. Subsequently Mr. Holt reported that this committee had decided it was best to effect a compromise, and that the division's bonded warehouses committee would collaborate with local associations and individual members in an effort to restrict the use of part-time storekeepers. Mr. Holt presented, on behalf of the special committee which had been appointed, the following resolution, which the division adopted:

"Resolved, that the committee on bonded warehouses be authorized and directed to investigate the institution of Class 2 (importers' private) warehouses, and to direct efforts on behalf of this association to restrict the use and institution of these warehouses to that use which arises of commercial necessity, such as the unavailability of Class 3 warehouse space; and to assist local associations and members who suffer from competition of Class 2 and Class 3 bonded warehouses, operated with part-time storekeepers."

### Rail Competition

THE problem of storage by the railroads came up again—this time in the report of Mr. Spear as chairman of the port and port terminals committee,





Strolling the wooden strand at Atlantic City—in center, Mrs. J. Edgar Lee and Mrs. S. C. Tooker, Jr., Chicago; Mrs. O. C. Taylor, Seattle, and Mrs. A. J. Walker, Chicago

who declared the situation was "the most live and vital" one before the association, and that the competition, backed by great capital, was "spreading like wildfire."

"Rebating by the old methods has pretty generally passed out of the railroad business," Mr. Spear said, "but indirect rebating by furnishing storage for indefinite periods at only nominal rates to favored shippers has grown by leaps and bounds."

"At New York this practice has become a serious menace to the warehouse industry. Millions and millions have been or are being spent by railroads in this form of indirect rebating, which must be checked if our industry is to survive."

"The railroads are saying that storage is incident to transportation and publishing rates but at the same time only to be furnished when and to whom they desire, and that earnings and expenses of the storage business are not subject to the ordinary laws of return on investment governing them under the I. C. C."

"Thus the choice tonnage is solicited for the railroad warehouses under the guise of in-transit rates, while the storage warehouseman must not attack on the basis of unfair competition. The only line of attack is on indirect rebating and dissipation of line haul revenue in unremunerative side lines. While the first of these hits most on the legal side, the latter is very practical, for when the railroads ask for increases in freight rates if any large losses of revenue through their incursions into the storage business can be proved, an effective argument can be furnished against the Commission entertaining such increases."

Mr. Spear alluded to the McDuffie bill which, pending in Congress, asks an interstate commerce Act amendment to determine the value of terminal property separately in each port; separately to publish rates for terminal service, and to use a similar formula to put the rail terminals on a remunerative basis as is done for the road haul movement. Warehousing was supporting this measure, he stated.

Referring to I. C. C. Docket 12,681, Mr. Spear recalled that the association's attorney, Charles E. Cotterill, had petitioned the Commission for reargument

and reconsideration with relation to "storage" and "dockage," and said that "while this case has dragged along for ten years, it is by no means hopeless, and we should stay with it."

Mr. Spear regretted that warehousemen in the interior did not see that these port cases affected their business. "Let them not forget," he said, "that the same railroads serve their towns as well as the seaports, and as this idea spreads that storage is a railroad activity and a nice method of soliciting business, warehouses will be built in every town of any size on railroad land or over tracks, subsidized by the railroads, and if not checked, your business, Mr. Inland Warehouseman, will be worth about the sum of a plugged nickel."

Mr. Spear concluded by saying there were "signs that the railroads of the East are beginning to question the value of this extreme port competition, and may voluntarily adopt some uniformity of practice that will have a sound basis of fair return for service rendered." He then introduced Mr. Cotterill.

Talking extemporaneously, the A. W. A. attorney pointed out that, with regard to rail storage competition, injured shippers or injured railroads usually intervened in I. C. C. orders, but in this instance no shipper had appeared to testify he had been injured, so that the Commission naturally was concerned with the fact that warehousing's complaint was not between shippers or between railroads—rather, Mr. Cotterill pointed out, it was a broad Congressional policy as to whether the railroads were harming public interest.

"Our attitude," he said, "is that the interstate commerce Act is being violated, as the railroads do not hold themselves out to be public warehousemen, but they are selective as to shippers and commodities, and store at nominal cost while choosing their own patrons. This is a form of discrimination in violation of the Act. The Interstate Commerce Commission is charged with administrative powers to protect railroad revenues, and the railroads are giving free storage service not in proportion to costs."

The railroads had an exaggerated investment in storage facilities now nearly equaling that of private warehousing, Mr. Cotterill asserted, his information being that the figure in New York har-

bor alone was \$90,000,000. This was a condition which menaced railroad revenues, he declared, and he was hopeful that a clear majority of the I. C. C. would admonish the railroads to change their practices—and that he expected a victory.

The proposition was no longer one affecting essentially the ports alone, Mr. Cotterill stated. The railroads were faced with a competitive condition which they were afraid to meet by reducing rates, he charged, and so were using indirect methods. They were showing a pronounced tendency to utilize the "air rights" by building above ground, he said, and unless Congress denied the carriers' right to engage in the storage business, this utilization of "air rights" would spread. Warehousing must firmly insist, he declared, that if the railroads so engaged in business they must do so on warehouse terms and not give unlawful concessions by selection of favored shippers and commodities.

Already in Atlanta a trunk line was making a \$9,000,000 investment in warehouse facilities, Mr. Cotterill continued. Cold storage as well as merchandise warehousing was being affected, he said, and if this development went on in New York it could be done in Pittsburgh, Cincinnati and other interior cities.

Warehousing's status must be more clearly defined, he said—warehousemen must determine whether they were merely private institutions or engaged in interstate commerce, so that Congress could decide whether they were entitled to the same protection as that accorded the railroads. Stockyards, stock exchanges and other stationary institutions had been held by the Supreme Court to be engaged in interstate commerce, he pointed out, urging warehousing "to give serious thought to fixing your status." There were, he reminded, collateral consequences, such as taxes, regulation by States, amenability to the anti-trust Act under Federal Trade Practice Conference, and the time was at hand for warehousing to define the whole scheme of its position with regard to Federal regulation.

It was suggested that Mr. Cotterill's talk be made available to the members immediately, and Mr. Little said that would be done within thirty days. Mr. Cotterill was asked if it wouldn't be

possible to find a shipper by motor truck to intervene as being one discriminated against, and the attorney replied that perhaps one could be found eventually, though that would be difficult because motor truck shippers might want to use the railroads' services. "But we may find some shippers who have been discriminated against and who would be glad to intervene," he added.

### Barge Lines

THE story of warehousing's fight against the free and less-than-cost storage practices of the Government-owned Inland Waterways Corporation was set forth in detail by R. W. Dietrich as chairman of the river and lake ports section of the traffic and transportation committee. *Distribution and Warehousing* readers who have followed the successive steps in the controversy know that this case, handled by Mr. Dietrich, is now pending before the I. C. C., to which the A. W. A. turned for relief by filing a complaint alleging interstate commerce Act violations on the part of the Federal Barge Lines organization.

"We have put up the best fight we knew how," Mr. Dietrich said at Atlantic City. "We believe we have made a good case. If we are successful, it will, of course, mean a tremendous benefit to the warehousemen all over the country."

Regarding the free storage practices of railroads serving Great Lakes ports, Mr. Dietrich believed discretionary power should be given to his committee, or its successor, to handle the situation. He emphasized that the committee's activities were not antagonistic to transportation by water.

Mr. Holt alluded to the New York State Barge Canal, and said free storage was being accorded in its property, and urged that the Dietrich committee's scope be broadened to include all kinds of storage by interior transportation agencies.

C. F. B. Tippet, Toronto, explained his company's inventory control system, making a talk similar to the one at the San Antonio convention of the N. F. W. A.

D. R. Crotsley, Newark, read a paper on "how the decisions of the I. C. C. in the eastern and western class rates cases affect warehousemen."

### Motor Freight

INTERURBAN transportation of freight by motor trucking lines was discussed as admittedly a problem confronting the industry. It was generally agreed that the warehouse operator should collect shipping room charges on shipments moving by motor truck. A program question was "Shall the warehouseman assume responsibility for the reliability of the motor carrier to whom delivery is made for the account of the storer?" and on motion by Mr. Dietrich it was voted to be the sense of the meeting that the warehousemen should not be responsible for goods after they had left

his premises—that the burden should not be on the warehousemen to assume the financial responsibility or the common carrier liability of the trucker.

Discussion of motor freight line competition brought out further confirmation of *Distribution and Warehousing* articles and disclosures of the past year and a half—that many truck lines are entering the storage business and taking accounts away from established warehouses. M. A. Compton, Boise, Idaho, told of losing one account recently to a truck line which handled at less than cost and stored free. D. R. Crotsley, Newark, urged a closer hook-up between warehousemen and truck line operators.

O. C. Taylor, Seattle, explained how twenty warehouse firms in the Pacific Northwest were successfully combating motor freight line encroachment by working in cooperation with the railroads, the latter having granted a corporation organized by the warehousemen an all-commodity rate between Seattle and Portland. Under this arrangement, Mr. Taylor said, the warehousemen were giving better and speedier service than the auto freighters had been able to give, the warehousemen's service including free pick-up and delivery, and were getting back much tonnage formerly lost to the motor lines. The rates charged by the warehousemen, he explained in answer to questions from the floor, were high enough above the all-commodity rate to take care of the cartage and overhead and supply a profit.

R. M. King, Syracuse, said that such a commodity rate arrangement seemed to offer the solution of the warehousemen's troubles, and that it suggested an opportunity for warehousing to develop some sort of an agency similar to the Allied Van Lines of the N. F. W. A.

The pamphlet "The Ethics of an Industry" (turn to page 47) issued by the Illinois Association of Merchandise Warehousemen was discussed by Mr. Carruth, who read extracts from it, and Mr. King offered a motion, which was adopted, that a committee be appointed to consider adoption of a division code.

Out of the division's "question box" came a suggestion purposing Federal regulation of warehousing. By motion from the floor this was referred to the executive committee.

Reporting as chairman of the resolutions committee, Mr. Erickson said no resolutions had been submitted, and that it was the sense of the committee that such a committee could be more valuable if appointed at the beginning of each year instead of after the opening of a convention.

It was brought out that Edwin Morton was in ill health and had retired temporarily from the management of the Baltimore & Ohio Stores, Inc., New York. An expression of the association's appreciation of his quarter-century of service was voted.

President Long announced that the Railroad Warehousemen's Association had been organized, and that he "expected great things from it." Members in it must first be A. W. A. members.

Its officers are, president, Robert L. Spencer, Philadelphia, warehouse superintendent of the Pennsylvania Railroad; vice-president, F. W. Berry, manager of the Baltimore & Ohio Warehouse Co., Cincinnati; and secretary-treasurer, Harold Clarke, Philadelphia, who, identified with the Pennsylvania Railroad, is secretary of the Pennsylvania State Warehousemen's Association.

The division's sessions closed with the election of the officers named by the Taylor nominating committee, as hereinbefore mentioned.

### Cold Storage Division

THE outstanding feature of the cold storage division sessions was a decision to break away from the A. W. A. and form either a separate association or merge with the American Institute of Refrigeration.

This action originated with a group which presented a petition signed by the following executives:

Frank A. Horne, William Fellowes Morgan, Jr., Ralph C. Stokell and T. A. Adams, Jr., New York City; Nelson A. Emmertz, Chicago; J. A. Mooney, Philadelphia; S. J. Drapekin, New Orleans; R. D. Marshall, Washington, D. C.; Herbert C. Stone, Los Angeles; J. F. Lenzen, Duluth; Harold L. Brown, Detroit; J. R. Shoemaker, Elmira, N. Y., and Charles F. Mell, Toledo.

The petition, after citing that conditions in the industry were admittedly far from satisfactory, contained as an "outline for discussion" two sections of which read:

"It is suggested that careful consideration be given to the desirability of a merger of the interests of the present cold storage division of the A. W. A. with those of the American Institute of Refrigeration. The activities of the Institute are intimately related to the interests represented by the cold storage division, and the cold storage division as now organized deals with the practical and commercial side of refrigeration and a closer contact with the technical, Governmental and international aspects represented by the Institute would seem highly desirable. The Institute also has been designated by the State Department of our Government as the official representative of the United States, both in the International Institute and International Congresses of Refrigeration.

"It is well known to those acquainted with the fact that the Institute has very close contacts with the various departments of the Federal Government, highly beneficial to the welfare of the cold storage industry and all related activities involving the science and art of refrigeration, and the grouping of interests as suggested, embracing all the important activities in the field of refrigeration both technical and commercial would eliminate much duplication of effort, tend to reduce the expenses and would create a more efficient organization to promote their mutual interests."

The petition asked that a special committee be appointed to consider the sug-



gestion and report back at the convention. Mr. Emmertz was made chairman of this committee and serving with him were Mr. Adams, Mr. Stone, Mr. Shoemaker and A. B. Efrogmson of Cleveland, F. D. Newell of Minneapolis and W. J. Rushton of Birmingham. The committee brought in a report which was unanimously adopted, whereafter the same executives were appointed as a permanent reorganization committee to carry out the recommendations it had submitted. These recommendations were:

"1. That the cold storage industry sever its official connection with the American Warehousemen's Association as a division of said association and in future function as a separate organization.

"2. That, recognizing however the desirability of cooperation with the American Warehousemen's Association, as well as with other trade organizations having kindred interests, such cooperation be established and carried on by means of joint councils.

"3. That the chairman of this convention appoint a committee whose duty it shall be to approach the American Institute of Refrigeration to ascertain whether or not a suitable and satisfactory merger with said Institute can be effected.

"4. That in the event the proposed consolidation of the two organizations meets with mutual approval, it shall be the further duty of said committee to draft a complete structure for the new organization, consisting of a constitution and by-laws, and so forth, to accomplish the desired end.

"5. That in the event a satisfactory merger with the aforementioned Institute cannot be consummated, then it shall be the duty of said committee to draft a complete structure for a new Association of Refrigerated Warehouses, consisting of a constitution, by-laws and so forth.

"6. That in either instance the said committee shall embody in the structure for the new association a plan of local or regional units, or groups, as component parts of the national organization.

"7. That in the event the proposed consolidation is satisfactorily developed by the said committee, then the president of the cold storage division shall call a special meeting of that division at a time and place where the American Institute of Refrigeration, by arrangement, shall be similarly convened for the purpose of perfecting the plans.

"8. That in the event the proposed merger shall not be consummated, then the president of the cold storage division shall call a special meeting at a suitable time and place, for the purpose of reviewing the recommendations of said committee and to approve the new plan of organization."

#### Other Resolutions

THE resolutions committee, headed by Gardner Poole, Boston, brought in the following memorials, which were adopted:

1. That the division cooperate in every possible way to promote and broaden the cope of "the splendid work that various bureaus and agencies in the Department of Agriculture and Department of Commerce are doing in research of great value and importance" to the industry.

2. That warehouse loans be carefully studied and considered "to the end that they may be handled on a sound basis, and in accordance with the principles of good banking practice uninfluenced by personal sentiment."

3. That a committee be appointed "to study the best methods of undertaking a system of cost finding and that necessary funds as may be required be provided definitely to carry out the conclusions and recommendations of such committee."

4. That indorsement be given to the work of the banking committee in its efforts to make cold storage warehouse paper eligible for rediscount in Federal Reserve banks.

5. That Chester B. Carruth and the merchandise division be thanked for Mr. Carruth's "great valuable contributions to the welfare of our industry in supplying accurate data in the matter of costs, the analysis of earnings and warehouse facilities."

#### Officers Elected

THE nominating committee presented the following executive committee slate, which was elected:

For three years, E. G. Erickson, Chicago; W. J. Rushton, Birmingham; W. D. Voelker, Tulsa; for two years, W. B. Mason, Providence, R. I.; for one year, Harold L. Brown, Detroit.

The executive committee, with V. O. Appel of Chicago, Ralph C. Stokell and J. Q. Adams of New York City and H. C. Stone of Los Angeles as holdover members, elected these officers:

President, Mr. Appel, vice-president Mr. Stokell, and treasurer, George D. Liles of Buffalo.

#### Regulation

IN his report as acting president Mr. Appel called attention to the proposed bill, drafted by the legislative committee headed by A. V. Mason of Milwaukee, calling for Governmental licensing and supervision of cold storage and merchandise warehouses, and urged careful analysis of the proposal.

Mr. Mason was absent because of illness and the discussion was led by Mr. Shoemaker, who thought the idea, because of its importance to the industry, should be given serious consideration. Discussion developed that some members were opposed to regulation, either Federal or State, while others expressed themselves as favorable, under certain conditions, to Federal supervision but not in favor of State public utility control.

Because of the absence of Mr. Mason and in recognition of his efforts it was voted to postpone definite action until a later meeting at which he could be present personally to present his views.

#### Loans

AT one of the sessions Mr. Appel suggested the establishment of a central warehouse bank, the sole purpose of which would be the financing of warehouse loans.

"The worst feature of cold storage warehouse financing," Mr. Appel said in part, "is the prevalent abominable practice of our various warehouses in competing with each other in the making of loans to customers. Competition between us in storage rates is deplorable, but what can be more ridiculous than competition in credit? The prospective customer patronizes the warehouse which will extend him the most generous loan on his merchandise. Yes, and usually the weakest customer financially is the most ambitious shopper for cold storage advances. Fully aware of this condition, nevertheless, each of us continues striving against our fellow warehouseman to out-bid him on the advances requested.

"In the world of general business, credit is considered sacred and not to be trifled with but I regret to remark that we warehousemen too often play with credit as if it were a common bawd. Competition in the granting of credit is stupid in its inception, inexcusable as a business practice and invariably ends in a major disaster for one or more of us.

"Although instance after instance could be cited, I shall refer to only one at this moment. Three warehouses during the current year did business with one certain customer. These three warehouses are quite competitive and each was anxious to secure the business of the customer in question. The customer, fully alive to this situation, played one warehouse against the other. Credit was extended ridiculously in excess of either the legitimate requirements or the financial worth of the customer. The result is a loss of over \$300,000 to the warehouses involved. No legitimate business, however prosperous, can long absorb such losses.

"The case just cited is neither extreme nor isolated. However conservative or careful you may be, in the daily struggle for business an occasional yielding to temptation is inevitable under our competitive system, and our charge-offs at the end of the year record the sad story.

"There are some of our number who consider their loaning operations and customer financing as purely individual and personal. They will argue that the extent and manner in which they may loan money is their own business strictly, and not a matter of cooperation nor friendly suggestion from the others. There is merit in this position if one has enough of his own money to lose. There is no argument involved if we deny the efficacy of cooperation in business. But there is no single feature of our cold storage affairs that cries more for cooperation than does credit and loans."

The banking committee, headed by T. A. Adams, Sr., discussed this problem of over-extension of credit, saying:

"As a result of careful studies made in



the Metropolitan area, the following report was submitted and accepted by the Port of New York Chapter recently: 'The committee on over-extension of credit has studied the credit situation applicable to the industry of the Port of New York. Its recommendations to the association have included the reference in rate tariffs to the basis of advances and even a uniform limitation of advances, including carrying charges, to 75 per cent of the market values,' etc.

"If this plan is adopted by our New York association, all storers, regardless of size and class, who have hypothecated their goods in storage, would be compelled to keep the accrued storage charges on same paid, and likewise post margins in declining markets in order to maintain their loan account within the prescribed limits.

"This proposed procedure, which is receiving our careful consideration, would go a long way to placing our loan department on a businesslike basis.

"Cooperation of warehousemen in local and zone groups furnishes the best opportunity for interchange of credit information and will prove to be the most effective way to avoid some of the huge credit losses saddled on our industry these last few years."

### Trade Practice

FRANK A. HORNE, chairman of the trade practice committee, alluding to the Federal Trade Commission's proposal to revise the cold storage industry's Trade Practice Conference rules, stated that such a revision had been submitted, backed by a brief, to the Commission. While the Commission had not yet handed down its decision, he stated, "we have good reason to believe that a decision will be rendered favorable to our contention and practically sustaining the substance of the original rules, the principles enunciated therein and the classification indicated by the original approved rules."

### Other Features

REGARDING the proposed Cold Storage Research Institute, R. H. Switzer, St. Louis, announced he had been endeavoring to have the Mellon Institute of Industrial Research, University of Pittsburgh, carry on the work, which aims to develop the business for cold storage warehouses, and that he had received "some encouragement" from the Mellon directors.

The report of the membership committee, Edward Horsley, New York, chairman, showed a membership of 218 last Nov. 30—a net gain of 21.

Reports were submitted on behalf of the Pacific States Cold Storage Warehousemen's Association, Port of New York Chapter of the division, New York State Cold Storage Association, Minnesota Warehousemen's Association, and Wisconsin Warehousemen's Association.

The delegates discussed the advisability of having the Department of Agriculture issue monthly reports showing space occupancy of cold storage warehouses



throughout the country—based on the Department of Commerce's functioning plan of compiling merchandise warehouse occupancy statistics. While some opposed the idea, the majority favored it, and the executive committee was instructed to request the Government for such reports.

W. M. O'Keefe, Chicago, the executive secretary, presented a detailed report of the year's activities of his office. In it he disclosed that the Department of Agriculture apparently looked with favor on the idea of gathering occupancy figures.

Mr. O'Keefe touched also on the loan situation, telling of a survey he had made in the form of a questionnaire sent to members and non-members asking them to furnish figures showing their aggregate and peak loans for 1927, 1928 and 1929—"aggregate" being the sum total of all loans, and "peak" being the highest amount of loans outstanding at any one time during the year. Analysis of the replies showed, he reported, that 119 companies made loans as follows:

	1927	1928	1929
Aggregate....	\$84,158,902	\$93,195,338	\$111,406,635
Peak.....	44,871,645	49,542,612	56,236,748

"Everything considered, it is, I believe, safe to estimate," Mr. O'Keefe said, "that the total of all loans made by the cold storage industry to customers approximates \$200,000,000 annually."

### General Session

AT the concluding general session the Shoemaker resolutions committee brought in memorials which were adopted.

Under one the A.W.A. will call to the attention of the I. C. C. "the apparent tendency of the rail carriers to enter into competition with each other in providing terminal merchandise and cold storage warehouses regardless of existing facilities" and will urge the Commission "to make an investigation to determine to what extent these terminal warehouses are being operated with reasonable profit upon the investment therein and are necessary to the channels of commerce."

Another was that efforts should be continued by the divisional banking committees and by the industry as a whole "to bring about a clear relationship and

better understanding between the warehousemen and the bankers."

A third called for continued efforts in the study of costs, "as a full knowledge of all our costs is the only sound basis for the conduct of our business," and the divisions were called on vigorously to carry on educational work in cost accounting.

A fourth resolution commended and supported "all research work being done by various bureaus and agencies in matters relating directly or indirectly to the warehousing business in all its branches."

General officers were then elected—Elmer Erickson, Chicago, as president; Frank A. Horne, New York, as vice-president, and D. H. Van Name, New York, as treasurer.

E. A. Howard Baker, Denver, read 1932 convention bids—from Cleveland, Chicago, Cincinnati, Detroit, St. Petersburg, Atlanta and Milwaukee. Mr. Lee suggested that the 1933 convention be held in Chicago because of the World's Fair, and Mr. Carruth outlined the N.F.W.A. movement to stage an international warehousing convention at Chicago in 1933.

Mr. Baker announced that the registration, 227, at Atlantic City was the largest in five years.

At the annual convention banquet Mr. Horne, on behalf of the association, presented Mr. and Mrs. Herschman with a silver service.

### Death Removes J. L. Newbold of Washington, D. C.

JOHN L. NEWBOLD, president of the Merchants' Transfer & Storage Co., Washington, D. C., died on Feb. 25 at the Garfield Hospital in that city.

Mr. Newbold was re-elected a member of the American Chain of Warehouses at the annual meeting at Atlantic City in January. He was a member of the merchandise division of the American Warehousemen's Association, the National Furniture Warehousemen's Association and the Washington (D. C.) Warehousemen's Association.

Founder and chairman of the Merchants company and a director of the Federal-American National Bank, Mr. Newbold was born on Jan. 4, 1871, in Dayton, Ohio, the son of Charles K. and Frances K. Newbold. He had lived in Washington since the age of nine. After leaving school he organized a parcel delivery business, serving a number of downtown department stores.

Mr. Newbold was a brother of Fleming Newbold, business manager of the *Evening Star*, and of Mrs. Frank B. Noyes, whose husband is president of the Associated Press. He was a member of the Metropolitan, Chevy Chase, Blue Ridge Rod and Gun and Rotary clubs, the Sons of the Revolution, the Chamber of Commerce and the Board of Trade.

# HOW'S BUSINESS?

## GOING TO BE THIS MONTH

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**T**HIRTY-FOUR ECONOMIC EXPERTS—EDITORS OF BUSINESS PAPERS PUBLISHED BY THE *United Business Publishers, Inc.*—HERE PRESENT A COMBINED OPINION ABOUT THE COURSE OF BUSINESS DURING THE MONTH OF MARCH. GOVERNMENT AND OTHER RECORDS PROVIDE YOU WITH HISTORY OF RECENT MONTHS. THIS BOARD OF EXPERTS DEALS ONLY WITH THE FUTURE. ITS OPINIONS ARE BASED ON CLOSE CONTACT WITH THE MORE THAN 400,000 SUBSCRIBERS REACHED BY THEIR PUBLICATIONS IN FAR-FLUNG FIELDS OF RETAILING AND INDUSTRY.

**W**E approached last Spring largely with over-confidence. The approach this year is with a more fitting caution.

December now appears as a buoy marking the shallowest water. Soundings taken on such dependable indices as steel production and bank credits are continually more encouraging, and able navigators report quite confidently that we have crossed the bar. There is certainly a more favorable behavior in many trend lines that, when seasonal change is subtracted, gives a substantial optimism with which to temper our caution. Deeper water and fair sailing ahead seem assured.

That we will lag behind last year's production and consumption in certain lines during the opening months is generally agreed. But that we are moving forward is the assurance.

This is a year in which new reputations will be made. There promises to be one of the greatest shufflings of business cards ever witnessed, and the prizes will go to firms which have the wind and the stamina to stage an aggressive sales program. The buying public has moved ahead in tastes and needs, and price cutting as an expedient will be buried and forgotten by companies with the foresight to bring out new product leaders and exploit them.

### THE COURSE OF BUSINESS FORECAST FOR MARCH

BUSINESS	SALES	RETAIL STOCKS	COLLECTIONS	COMMENTS
AUTOMOTIVE	Estimated sales of passenger cars 60% greater in March than in Feb., and 27% less than Mar. '30. Trucks 30% greater and 17% less respectively.	Passenger car stock will show seasonal increase, and trucks greater than seasonal increase in March. Both lines materially behind Mar. '30.	About the same in March as in February but slower than Mar. '30.	March passenger car sales are estimated at 225,000. Truck sales between 30 and 40 thousand.
DEPARTMENT STORES	March sales 10% ahead of Feb., but 5% less than Mar. '30.	No change in retail stock from February—but 7% below Mar. '30.	Same	March stocks, though less in value than a year ago, will be larger in units.
HARDWARE	Approximate increase of 12% over Feb., and about the same or slightly better than Mar. '30.	Retail stocks about 15% heavier than in February—but 10% below Mar. '30.	Slight improvement in March over February—but slightly below Mar. '30.	Substantial size of orders for Spring goods reveals very little carryover of this type of merchandise from last year.
INSURANCE	Slightly better in all lines in March. About the same in life, with improvement in other lines over Mar. '30.	.....	Slight improvement in March, and easier than Mar. '30.	Optimistic spirit pervades the agency organization of the entire country.
JEWELRY	The same or slightly better than February, and possibly better than Mar. '30.	Same in March as in February—and about the same as Mar. '30.	Same or better than year ago with cash jewelers. Installment house collection dependent upon employment situation.	The jewelry business generally is beginning to look up again.
METALS METAL PRODUCTS MACHINERY	Steel industry should show a further slight gain in operations in March.	Machine tool orders, a fairly good index of manufacturing activity, turned upward in Jan.	.....	Indications are that business will continue to be spotty for some time to come.
PLUMBING AND HEATING	Slight improvement in March over February—but below Mar. '30.	Stocks about the same in March but below Mar. '30.	Collections improved due to volume of work being placed on regular deferred payment basis.	.....
SHOES	About 25% increase on Spring shoes, 10% increase on old stocks in March. Decrease of 10% from Mar. '30.	Declining—two pairs sold for every pair incoming. About 12% below Mar. '30.	Collections slowing up. When discount is no incentive, collections fall.	All eyes of the industry are focused on an anticipated selling "bulge" in March.

# Occupancy Reported 69.8% on Nov. 30 as Against 68.8% at End of October

*Latest Government Figures Indicate a Slight Average Advance.  
Tonnage Statistics for October Show Larger Percentage  
Entered Storage Than in September*

By KENT B. STILES

## PUBLIC-MERCHANDISE WAREHOUSING October-November, 1930

Division and State	Occupancy				Tonnage							
	Number of Warehouses		Per Cent of Floor Space Occupied		Number of Warehouses		Received During Month	Delivered on Arrival	Received During Month	Delivered on Arrival		
	*Oct. 1930	Nov. 1930	*Oct. 1930	Nov. 1930	*Oct. 1930	Nov. 1930	*October 1930	November 1930				
NEW ENGLAND: (Total)	69	69	53.9	53.0	53	53	19,256	20,227	13,330	10,169		
Vermont and New Hamp...	8	3	64.6	86.2	3	3	242		225	60		
Massachusetts	42	47	52.7	51.4	38	38	14,148	16,990	9,649	7,458		
Connecticut	11	11	62.6	60.0	6	6	1,446	2,972	1,344	2,401		
Rhode Island	8	8	49.6	49.5	6	6	3,420	265	2,112	250		
MIDDLE AT.: (Total)	509	505	63.8	64.6	423	424	132,460	15,646	141,501	10,854		
N. Y. Met. Dis., Total (1)	399	398	62.1	62.7	342	343	81,579	4,404	103,117	1,508		
Brooklyn	249	249	60.8	59.2	240	240	28,142	1,650	29,261	316		
Manhattan	81	80	66.5	70.2	36	36	16,749	235	34,393	164		
Nearby N. J.	65	65	59.1	60.1	63	64	36,588	2,419	39,243	968		
All Other	4	4	41.0	39.7	3	3	100	100	220	60		
N. Y., except Met. Dist.	43	41	74.4	77.7	33	33	17,689	6,328	14,461	5,684		
N. J., except Met. Dist.	11	11	58.0	58.0	11	11	1,339	250	738	195		
Pennsylvania	56	55	65.8	65.6	37	37	31,853	4,664	23,185	3,467		
E. NORTH CEN.: (Total)	232	210	74.5	73.7	175	174	106,331	19,483	91,028	15,252		
Ohio	49	42	78.2	75.7	37	37	16,572	5,202	14,024	4,692		
Indiana	28	24	72.1	74.9	21	21	3,631	1,217	5,377	787		
Illinois, except Chicago	22	19	76.1	71.8	11	11	3,958	3,051	3,380	1,804		
Chicago	40	38	78.1	78.4	35	35	55,609	3,604	50,790	2,861		
Michigan	53	49	69.5	70.0	36	35	20,922	3,772	12,743	2,854		
Wisconsin	40	38	59.3	57.4	35	35	5,639	2,637	4,714	2,254		
W. NOR. CEN.: (Total)	195	184	73.1	77.7	171	168	75,667	18,693	83,469	17,337		
Minnesota, except Minne-												
apolis and St. Paul	13	14	57.1	72.0	15	14	2,463	1,311	1,308	1,310		
Minneapolis and St. Paul	43	43	78.2	82.3	42	42	16,629	4,217	17,293	4,643		
Iowa	26	26	68.6	69.2	21	21	11,767	4,625	10,386	3,768		
Missouri, except St. Louis	27	27	77.8	79.1	26	26	16,992	1,755	18,615	1,928		
St. Louis	15	14	74.4	80.1	8	8	7,761	381	6,981	410		
North Dakota	12	12	76.8	86.5	12	12	3,521	299	7,275	345		
South Dakota	7	7	87.5	74.2	7	7	654	21	443	88		
Nebraska	32	25	62.2	72.2	23	22	9,660	3,227	15,953	2,193		
Kansas	20	16	72.5	72.9	17	16	6,220	2,857	5,215	2,652		
SO. ATLANTIC: (Total)	111	107	75.5	74.7	97	100	43,771	11,261	46,209	11,023		
Maryland and Delaware	29	27	73.6	73.1	25	24	25,116	2,270	25,752	1,813		
District of Columbia	12	12	74.7	75.0	11	11	2,443	2,203	2,514	1,963		
Virginia	12	12	81.3	84.4	11	12	3,158	907	2,982	879		
West Virginia	9	9	82.6	81.8	5	8	1,051	532	1,135	370		
North and South Carolina	25	26	77.8	77.1	25	25	2,374	993	2,301	645		
Georgia and Florida	24	21	75.9	71.0	20	20	9,629	4,356	11,525	5,353		
SO. CENTRAL: (Total)	116	114	73.0	79.7	97	97	49,036	18,711	41,492	12,088		
Kentucky and Tennessee	14	17	83.2	85.2	17	17	6,050	2,940	5,361	2,332		
Alabama and Mississippi	17	12	69.4	65.7	12	12	2,220	1,517	2,868	1,340		
Arkansas	8	8	74.1	82.3	4	4	2,997	1,274	1,976	1,077		
Louisiana	20	19	69.2	66.1	19	19	11,810	3,743	11,972	968		
Oklahoma	14	15	87.4	85.3	12	12	8,815	2,954	10,069	2,864		
Texas	43	43	71.4	84.4	33	33	17,144	6,283	9,246	3,507		
MTN. and PAC.: (Total)	214	186	71.8	71.2	152	152	74,794	37,705	67,531	35,705		
Idaho and Wyoming	7	7	62.3	67.5	5	5	2,742	650	316	429		
Montana	13	11	89.3	88.4	10	10	2,742	376	939	413		
Arizona and New Mexico	16	13	63.3	56.9	9	9	680	1,590	436	904		
Utah	7	7	85.2	81.8	6	6	3,214	524	3,620	631		
Colorado	16	16	73.7	75.5	12	12	3,549	1,800	2,652	1,247		
Washington	32	30	74.1	72.8	27	27	23,018	11,091	22,189	10,090		
Oregon	11	10	65.8	64.5	8	8	15,495	16,512	17,912	17,220		
California	112	92	71.0	70.9	75	75	25,627	5,162	19,467	4,771		
Totals for United States	1,446	1,375	68.8	69.8	1,168	1,168	501,315	141,726	484,560	112,428		

\* Revised.

(1) Because of the importance of this territory, figures are shown separate from the State totals.

GOVERNMENT statistics indicate that public merchandise warehousing's occupancy curve is once more on the up-turn. As against the average of 67.8 per cent at the end of last July, 68.4 at the close of both August and September, and 68.8 on the final day of October, the Department of Commerce figures released late in January show that the average occupancy at the end of November was 69.8 per cent. The November percentage is provisional based on subsequent returns.

Significant in connection with this rise in the curve is the statement made at the Atlantic City convention of the American Warehousemen's Association by Elmer Erickson, Chicago, the industry's representative in President Hoover's National Business Survey Conference, that reports received by him indicated improvement in January. Mr. Erickson, now the association's president, said that the general feeling in the industry appeared to be that normalcy should be approached by July.

Warehousing's 1930, Mr. Erickson said further, compared favorably with 1928, and this is clearly supported by the Government's figures covering the first eleven months of 1930. In nine out of those eleven months, the exceptions being March and April, occupancy averaged better than in the corresponding months of 1928. The 69.8 per cent re-



ported for this past Nov. 30 is one-tenth of 1 per cent better than the mark recorded for the same date in 1928. It is 7.3 below the level reached at the end of November of 1929, but the percentage at that time, 77.1, was the highest in the history of this statistical movement.

The tonnage figures in the accompanying table show, provisionally that out of 596,988 tons arriving at 1168 reporting warehouses during last November, 484,560 tons, or 81.2 per cent, entered storage, the balance being delivered on arrival. This compares with 78.0 per cent in October, when 501,315 tons went into storage out of 643,041 tons arriving at the same number of warehouses.

The following percentages show that the November figure, 82.1, is higher than the ones reported for the corresponding months in both 1928 and 1929:

	1928	1929	1930
November	74.1	75.2	81.2

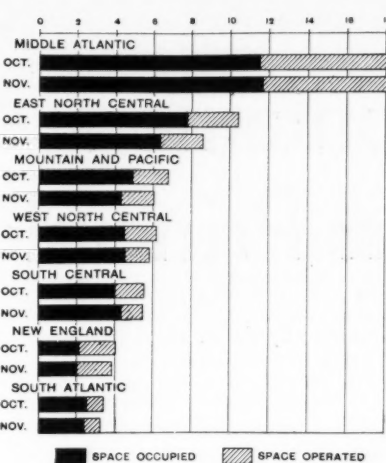
The November, 1930, percentage, 81.2, has in fact been exceeded only twice before in these Government records—in January, 1928, 83.3 per cent; and February, 1928, 83.6 per cent.

### Occupancy

THE 7.3 per cent average decline in occupancy, for the entire country, this past Nov. 30, from the record level reached on the previous year's corresponding date, was not reflected in Vermont, Connecticut, Michigan, Maryland, Delaware, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Kentucky, Tennessee, Arkansas, Louisiana, Oklahoma and Colorado.

The following comparisons are available:

	Occupancy Nov. 30		
	1928	1929	1930
Mass.-Vt.	51.1	52.8	..
Vt.-N. H.	..	..	86.2
Mass.	..	..	51.4
Conn.-R. I.	55.6	55.9	..
Conn.	..	..	60.0
R. I.	..	..	49.5
N. Y. Met. Dist.	60.4	84.2	62.7
Brooklyn	46.9	86.2	59.2
Manhattan	76.9	78.2	70.2
Nearby N. J. & others.	74.6	84.6	..
Nearby N. J.	..	..	60.1
All other.	..	..	39.7
N. Y. State	56.7	82.7	..
N. Y. State except Met. Dist.	..	..	77.7
N. J. State	75.6	84.0	..
N. J. State except Met. Dist.	..	..	58.0
Pennsylvania	71.0	73.9	65.6
Ohio	85.4	92.1	75.7
Indiana	76.4	80.7	74.9
Illinois	77.2	83.4	..
Illinois except Chicago	..	..	71.8
Chicago	77.7	85.0	78.4
Michigan	69.2	69.7	70.0
Wisconsin	79.8	84.7	57.4
Minnesota	79.7	86.4	..
Minn. except Mpls. & St. P.	..	..	72.0
Mpls. & St. P.	80.2	86.3	82.3
Iowa	69.6	73.8	69.2
Missouri	77.6	85.6	..
Missouri except St. Louis	..	..	79.1
St. Louis	74.3	83.2	80.1
No. & So. Dak.	92.3	93.8	..
No. Dak.	..	..	86.5
So. Dak.	..	..	74.2
Nebraska	78.5	82.0	72.2
Kansas	71.5	83.1	72.9
Del., Md. & D. C.	56.1	60.4	..
Del. & Md.	..	..	73.1
D. C.	..	..	75.0
Va. & W. Va.	68.3	70.7	..
Virginia	..	..	84.4
West Virginia	..	..	81.8
N. & So. Carolina	71.9	75.6	77.1



Department of Commerce chart issued in conjunction with its October-November occupancy statistics. The figures along the top of this graph represent millions of square feet.

Ga. & Fla.	80.4	79.8	71.0
Ky.-Tenn.	74.0	70.8	85.2
Ala.-Miss.	88.7	78.3	65.7
Ark.-La.-Okla.	60.8	59.8	..
Arkansas	..	..	82.3
Louisiana	..	..	66.1
Oklahoma	..	..	85.3
Texas	83.5	85.1	84.4
Idaho-Wyo. Mont.	78.1	90.3	..
Idaho-Wyo.	..	..	67.5
Montana	..	..	88.4
Ariz.-Utah-Nev.-N. Mex.	77.8	84.1	..
Ariz.-N. Mex.	..	..	56.9
Utah	..	..	81.8
Colorado	69.4	75.0	75.5
Washington	71.2	85.4	72.8
Oregon	64.5	68.6	64.5
California	78.7	78.7	70.9
Average for entire U. S.	68.8	77.1	69.8
Warehouses reporting	1212	1272	1375

Comparing the Nov. 30 occupancy percentages in the table on the opposite page with those of Oct. 31, it is disclosed that the advance of one-tenth of 1 per cent was not reflected in Massachusetts, Connecticut, Rhode Island, Pennsylvania, Ohio, Illinois outside of Chi-

cago, Wisconsin, South Dakota, Maryland, Delaware, West Virginia, the Carolinas, Georgia, Florida, Louisiana, Oklahoma, Montana, Arizona, New Mexico, Utah, Washington, Oregon and California.

1. Don't blame the depression for everything which has marred the tranquility of the economic scene since 1929.

2. Don't compare peaks with slumps.

Both are abnormalities.

3. Don't fall into the fallacy of expecting the wage earner to bear the brunt of the readjustment.

4. Don't cut loose from associated activities in business.

5. Don't ignore the amazing power of the new technology.

6. Don't cut marketing research. Our

greatest deficiency still lies in the field of defective distribution.

### Tonnage

AS already pointed out, the percentage of volume which entered storage in November, out of the total arriving tonnage, was larger in the 1930 month than in November of 1929, the gain being 6 per cent for the entire country. By divisions, the comparisons are as follows:

	Percentage Entering Storage—November		
	1928	1929	1930
New England	73.6	76.8	56.7
Middle Atlantic	80.2	91.6	98.6
East North Central	85.6	86.3	85.6
West North Central	75.3	82.9	82.8
South Atlantic	46.4	39.5	80.7
East South Central	78.0	66.9	69.1
West South Central	76.0	73.4	79.8
Mountain	65.2	71.8	68.7
Pacific	75.9	55.1	65.0
Entire country	74.1	75.2	81.2
Warehouses reporting	1212	1272	1168

Comparing this past November's tonnage percentages with those recorded for October, it is found that an advance of 3.2 per cent was reported for the entire United States. This up-turn was reflected in all but one of the divisions—the Pacific, where there was a recession of 1.2 per cent. The advances were led by the Middle Atlantic section with 9.2 per cent. The comparisons by divisions for the two months follow:

	Percentage Entering Storage—1930		
	Oct.	Nov.	Change
New England	48.8	56.7	+7.9
Middle Atlantic	89.4	98.6	+9.2
East North Central	84.5	85.6	+1.1
West North Central	80.2	82.8	+2.6
South Atlantic	79.5	80.7	+1.2
East South Central	65.0	69.1	+4.1
West South Central	74.1	79.8	+5.7
Mountain	68.3	68.7	+0.4
Pacific	66.2	65.0	-1.2
Entire country	78.0	81.2	+3.2
Warehouses reporting	1168	1168	..

### A Post-Depression Decalogue

SAID Dr. Julius Klein, Assistant Secretary of Commerce, after telling the Manufacturers Association of Bridgeport, Conn., on Feb. 12, that authoritative testimony indicates that the upward climb in business is at last under way:

1. Don't blame the depression for everything which has marred the tranquility of the economic scene since 1929.

2. Don't compare peaks with slumps.

Both are abnormalities.

3. Don't fall into the fallacy of expecting the wage earner to bear the brunt of the readjustment.

4. Don't cut loose from associated activities in business.

5. Don't ignore the amazing power of the new technology.

6. Don't cut marketing research. Our

greatest deficiency still lies in the field of defective distribution.

7. Don't overlook the stabilizing value of foreign markets.

8. Don't fall again into the perils of mass mania—the delusion that the sole purpose of business is "busy-ness." Quantity operations whether in output or distribution are by no means an invariable assurance of quantity profits.

9. Don't overlook the perils of obsolete equipment. It is wiser to have the junk heap outside than in.

10. Don't be stampeded by unfounded rumors. They are the fodder on which crises flourish. In these days of abundant accurate statistical data and superb communication facilities there is no valid excuse for gossip-peddling among otherwise sensible business executives.

# Railroad Containers Are Approved in Principle

In I. C. C. Examiner's  
Proposed Report

By F. W. PERKINS

DISTRIBUTION AND WAREHOUSING'S  
Washington Bureau,  
1163 National Press Building

**T**HE importance with which the Interstate Commerce Commission regards the question of container service on the railroads was indicated when on Jan. 14 and 15 the full Commission devoted two days to hearing the arguments of attorneys representing interests favoring and opposing the new facility in less-than-carload freight transportation.

"It's the first really new idea in railroad transportation that has been presented in many years, and should not be stopped half-way in its development," declared Clyde Brown, counsel for the New York Central, which, with the Pennsylvania and Lehigh Valley, has already given considerable trial to the container system.

Early and extensive expansion of the container system was forecast if the Commission adopts an encouraging attitude. Mr. Brown said incidentally that the New York Central had an option to buy controlling stock in the Universal Car Loading and Distributing Company, a forwarding company described as the largest operator of containers, handling about three-fourths of the container traffic of the New York Central and from 90 to 95 per cent of that on the Lehigh Valley and the Pennsylvania.

Construction of a big new terminal for container equipment was being projected in Cincinnati by the Chesapeake & Ohio, according to R. W. Woolley of the Motor Terminal Co., New York, who gave other instances to show that great development of the container plan was in the offing.

Others who testified generally in favor of the idea are H. W. Bikle of the Pennsylvania; H. H. Larimore, Missouri Pacific; Andrew H. Brown, Cleveland Chamber of Commerce; Leo G. Macomber, Detroit Chamber of Commerce, and Clare B. Tefft, Toledo Chamber of Commerce.

**T**HE importance of the forwarding companies, in developing the container system and making it useful over a wide extent of territory, was gone into in the examiner's report. Mr. Ames described the forwarder's function as follows:

"It gathers small shipments from individual concerns, and after such concentration is in position to bill loaded containers to given destinations. Its profit is obtained from the difference between the container rates and the ordinary less-than-carload rates which would otherwise apply. Part of this difference it passes on to the shipper as an inducement to use its service. Its reductions to the shipper, generally

speaking, are based upon varying percentages of the class rates, beginning with 10 per cent on first class, and scaling down to 4 per cent on fourth class.

"The handling by forwarding companies of shipments in containers is substantially the same as that performed in the consolidation of less-than-carload shipments into carloads. But by reason of the fact that carload rates are subject to minimum weights much higher than those on containers, and the further fact that in many cases container service permits the shipment of articles which cannot profitably be handled in box car service, the activities of these companies have been increased."

One of those who expressed the opin-

There was an array of argument, however, against the container plan, or against its nationwide extension, or against some of the features of the plans and schedules of its sponsors that have been placed before the Commission. Those who spoke on this side of the question are C. S. Burg, representing Southwestern carriers; P. F. Gault, Western trunk lines; H. B. Pierce, Erie Railroad and others; W. A. Cole, Boston & Maine; F. A. Leffingwell, Southwestern shippers, and Joseph C. Colquitt, Acme Fast Freight Service.

Basis for the arguments was furnished by the proposed report, submitted for adoption by the Commission, by Harry C. Ames, an attorney and examiner for the Commission, who held examinations at a number of points in connection with the container investigation initiated by the Commission itself. The examiner's report recommended that the Commission give its approval, in principle, to the container system in eastern railroad territory, but not in the West; but disapproved the rate bases now in use by certain railroads and recommended that the Commission prescribe third-class rates for the new type of traffic.

The criticism of rates applied to the present interstate rates published by the New York Central, Lehigh Valley and Pennsylvania, and to the proposed interstate rates of the Missouri Pacific.

The question of whether the forwarding companies, who operate the container services, should be regarded as common carriers, appeared at intervals throughout the hearing, with some discussion as to whether they should be made subject to Federal regulation, as the Interstate Commerce Commission recommended to Congress in its last annual report. Most of the expressions by the counsel for the railroads were to the effect that the forwarding companies should be considered as common carriers, rather than shippers, and be covered by regulatory powers.

ion that the forwarding companies should be regulated was Mr. Brown, of the New York Central.

Mr. Bikle, of the Pennsylvania, pointed out that the forwarders may be regulated on the ground that their business involved features of public concern, although these companies contracted with the shippers to arrange for the transportation of their freight, rather than actually to transport it.

Another statement heard frequently in the hearing was that the container service offered the railroads an opportunity to regain some of the ground lost to the motor trucks. It was emphasized that the method of operating the container system gave a direct-delivery ad-

vantage and obviated much of the delay caused by the various steps of clearing small freight shipments through railway freight houses. In this connection there was mention, also, of the need for Federal regulation of interstate truck transportation, with the railroads' young and active competitor coming under the same general supervision.

Mr. Bikle, of the Pennsylvania, pointed out that the container service not only offered a way of combatting truck competition, but also a solution to the problem of handling less-than-carload freight economically. He said it gave opportunity for an intermediate freight rate classification between the carload and the less-than-carload bases.

The objections to the container proposal, as stated particularly by the attorneys for railroads in southwestern and western trunk line territory, revolved around their claims that the rates as proposed were unreasonably low or otherwise unlawful, or that the service should be prohibited by Federal authority as wastefully uneconomical. These views were emphasized by Mr. Burg, general attorney for the Missouri-Kansas-Texas, who declared that the rates proposed for container service would have the effect of cutting down the rates for carload and less-than-carload shipments. He disagreed with the view that the container offered a way of meeting truck competition. Just the opposite would be the result, according to Mr. Burg. The forwarding companies, he claimed, would ship containers by rail to central distributing points and distribute them from there by truck. Mr. Burg made the definite suggestion that the Commission should prohibit the container because of its upsetting influence on the general rate structure, although some members of the Commission expressed curiosity as to how the Commission could prohibit use of the container as a facility, under approved rates, unless it also had the power to require roads to adopt this particular facility.

### Benefits

Among the advantages stressed by the advocates of container service was its beneficial effect in reducing claims for loss or damage.

"In nearly fourteen years," declared Mr. Woolley, of the Motor Terminals Co., "we have handled approximately two and a quarter million tons of intraterminal interchange freight, and have sustained loss and damage claims of less than \$5 for that entire period."

The Motor Terminals Co., which specializes in the handling of demountable motor truck bodies of maximum dimensions, had just inaugurated intrastate movement by traction lines of these containers between Cincinnati, Toledo and Dayton, in Ohio, and planned an interstate business of the same character in Ohio and adjoining States, Mr. Woolley announced.

"These traction line operations," he told the Commission, "have been undertaken with the consent of all the Class I roads contributing to Cincinnati. There

was no protest from any quarter against any of the tariffs that have been filed. Practically all of the Class I roads in the eastern region, parties to this proceeding, have manifested much more than a passing interest in our progressive effort to recapture highway traffic losses for rail lines.

"These traction line tariffs are on a mileage basis. The highway trucking concerns, previously competitors of the railroads, now lease these demountable motor truck bodies of maximum dimensions, lease the cranes which handle them, and have converted their old trucks to carry these bodies. The truckmen develop loads in these demountable motor truck bodies the same as they previously developed their loads in the old bodies rigidly attached to the truck chassis for exclusive inter-city highway movement.

### Routing

"With the demountable body load the trucks are routed to the railroad head of the carrier, where cranes interchange the bodies from the trucks to flat cars for inter-city movement. The bodies are rail-hauled between cities overnight, and are delivered to the shipper-truckman at the destination, where from trucks he makes deliveries as by previous highway practice.

"The Motor Terminals Co., under contract, has equipped rail heads of railroads with gantry cranes at important points, and at no capital expense to the railroads. The railroad under this contract pays to the Motor Terminals Co. 25 cents per lift for all body interchanges between truck and car and *vice versa*. The only capital expense to the railroads is the original cost of \$50 a car for installing anchorage devices of the Motor Terminals Co. on its old equipment. In addition to being relieved of any capital costs for containers, new cars, or cranes, the traction lines which have put in these tariffs receive a minimum of 30 cents per car mile (15,000 pounds minimum) for the ordinary 36-foot flat car carrying two containers either empty or loaded, and a maximum of 35 cents a mile (one-quarter cent for an additional 500 pounds) according to density of stowage.

"Furthermore, there is no terminal expense chargeable to these car-mile revenues other than 25 cents per lift per body at point of origin and point of destination—a total of \$1 per car trip."

Mr. Woolley agreed with the examiner's report "that it is not the province of the Interstate Commerce Commission to tell the carriers what size or type of container to use," but claimed that his company had furnished "undisputed proof that when hauled on gondola cars the demountable motor truck body is absolutely interchangeable from the cars of one carrier to those of another, and even when hauled on flat cars with an-

chorage devices, the cost of which is so small as to be of negligible importance."

Shippers were heartily in favor of the container system, according to attorneys for the roads advocating the service. "Not a shipper has complained," declared the New York Central's counsel, and the representative of the Cleveland Chamber of Commerce asserted that every shipper's organization had gone on record in favor of it. The Cleveland representative also stressed the good record made by containers in preventing loss and damage claims.

The shipper's part in the question was given some attention in the examiner's report, which said:

"From the shipper's standpoint there are many explanations for the diversion of merchandise traffic to the truck.

"In trucking service a door-to-door service is performed. Normally, this means two handlings, one at the door of the shipper, the other at the door of the consignee. In railroad haulage of merchandise freight there are at least six separate handlings, as follows: (1) loading truck at shipper's platform; (2) unloading truck at railroad station; (3) loading freight into cars at origin; (4) unloading freight from cars at destination; (5) loading freight into consignee's truck at destination; (6) unloading truck at consignee's door. The number of handlings is increased at least by two where it is necessary to consolidate and reassemble freight at transfer points. These services cause great expense to the shipper in trucking, loading and unloading, and to the carrier in loading and unloading. The packing requirements imposed by the consolidated classification necessitate careful protective packing. Approximately one-seventh of the lumber cut in the United States goes into the manufacture of packing boxes and crates. Under the present practice of assessing freight charges on the weight of the packing plus the content, the annual freight bill on package lumber is enormous.

"Shippers and railroad officials have reached the point where they feel that corrective measures are necessary. Unless the railroads are prepared to adopt some plan of truck coordination which will provide a service comparable with the door-to-door service of the motor truck, it is becoming more and more apparent that much merchandise traffic will be diverted to trucks. And it is by no means improbable that the railroads will also lose much carload traffic."

### Held "Desirable"

The examiner's report of 103 mimeographed pages goes into great detail on the conclusions drawn from evidence presented in the hearings held at Washington, Dallas, Kansas City and New York, and recommends that the Commission, in addition to requiring a readjustment in rates for container service, should find "that container service for the interstate transportation of less-than-carload or merchandise freight, subject to rates which are proper and lawful, is desirable in the public interest."

When you ship goods to a fellow warehouseman—use the annual Warehouse Directory.



# Municipal Liability for Damage to Warehouse

Thirty-eighth of a Series  
of Legal Articles

By LEO T. PARKER

Attorney-at-Law

A MUNICIPAL corporation is, for the purposes of its creation, a government possessing to a limited extent sovereign powers. The nature of these original powers is either legislative or judicial, and may be designated as *governmental* duties. The extent to which it may be proper for a municipality to exercise such powers is entrusted to the judgment, discretion and will of the officials. Such duties being public and sovereign in their nature, the corporation is not liable to be sued either for a failure to exercise them or for negligence committed in their exercise. For instance, conduction of a fire department is a governmental duty.

On the other hand, when municipal duties of the purely *ministerial* character are expressly permitted by Constitution or laws, or such duties arise by necessary implication, the municipality is responsible for any damages resulting to individuals from a neglect to perform them, or from their performance in an improper manner, to the same extent as are individuals.

Various Courts have explained that many of the powers and duties of municipal corporations are in their nature legislative, and some are judicial, while others are purely ministerial. Where a project is conducted by a municipality *in part or wholly for profit*, even if principally for public purposes, the municipality is liable for damages caused by its negligent management, because such duties are purely ministerial.

For illustration, conduction of waterworks, sewerage and disposal plants, as well as drainage systems, generally are held to be ministerial duties for which a city is bound to exercise an ordinary degree of care to prevent injury to persons and damage to private property.

## Fire Losses

IT is generally held that a municipal corporation, in enacting an ordinance for protection against fire and in the maintenance of a fire department and system of waterworks for that purpose, acts in a governmental capacity in the general interest of the community, and that the municipality is not liable to a property owner for damages caused by fire. Nor is a public utility company, owning and operating a system of waterworks for the furnishing of water to private consumers, and for the protec-

The occasions are frequent when it is desirable for warehousemen to be capable of determining the circumstances under which a municipality is accountable in damages for negligent damage to personal and real property. Therefore, I shall review recent higher Court cases involving various phases of the liability of municipalities for damage to warehouse and stored goods from negligence of officials and employees of fire, waterworks, sewerage and drainage departments resulting in losses by fire, floods, insufficient water, gas and electric supplies.

tion of the public from fire under a franchise or contract with the municipality, liable to a property owner for loss of property by fire caused by insufficient water pressure.

In other words, a city which maintains a waterworks system for the twofold purpose of fire protection and for supplying water to its inhabitants may or may not be liable, depending on circumstances. As to the city's liability for the default or negligence of its employees in maintaining such waterworks, there is a clear line of demarcation between its liability, depending on the purpose for which the water system is being used. The first purpose, that of fire protection, is clearly discretionary or governmental acts for which the city is not liable. However, in supplying water to the inhabitants of the city for daily consumption, the well established rule is that the city is liable on the same principle that a private corporation engaged in the same business is liable.

## Private Water Company

WHILE it is true that numerous Courts have held that a municipal water company which performs ministerial duties is liable for any damages negligently caused its consumers or private citizens, resulting from defective hydrants, or low water pressure, yet it has been held that if such neglect is directly connected with the operation or conduction of a governmental branch, such as the fire department of the city government, then the water company is

not liable although it is privately owned.

This point of the law was directly involved in the case of *Moch v. Rensselaer Water Co.*, 220 N. Y. S. 557. The facts of the case are that a private water company had entered into a contract with the city by the terms of which the latter agreed to pay a rental of \$42.50 per year for each hydrant.

A building caught fire and the owner immediately sent in an alarm. The water company failed to furnish water with adequate pressure to extinguish the fire, and the structure burned. The owner of the building sued the water company for \$46,477, but the Court held the water company not liable, saying:

"A resident has no more direct interest in this contract for fire service than he has in services through the police department. The service is but an indirect benefit to him, and he could enjoy such benefit only in case the city and the fire department did their full duty. No obligation ran directly to a resident property owner; also the amount paid for fire service suggests that the parties could not have contemplated that the water company was assuming an obligation to pay fire losses. . . . At the time of a fire the defendant [water company] could do nothing, except to furnish water in the pipes at the hydrants under the pressure which its reservoir and mains as then constructed would give. . . . In our view, it was not intended that this defendant should assume a liability to protect property owners against fire loss. We think, as many cases have held, that this contract in respect to extinguishing fires was a city contract, primarily made for its benefit, and not for the benefit of a property owner in the city."

In another case, *Episcopal v. New Albany Waterworks*, 140 N. E. 540, it was shown that a privately owned waterworks company was operated by virtue of a franchise granted by the municipality.

The ordinance, which created the franchise and contract, provided that the capacity of the waterworks should be such as to supply sufficient water upon demand, and that the water company "shall keep said fire hydrants constantly in good order and working condition."

A building and its contents were totally destroyed by fire as a result of the water company negligently and careless-

ly permitting the fire hydrants nearest the building to remain out of order and repair, so that the water could not be turned on at the time of the fire.

The property owner sued the water company to recover the value of the building, on the grounds that the company had failed to fulfill its agreement to maintain the hydrants in good order, and that its negligence in permitting them to become defective and inoperative directly caused the loss.

Notwithstanding the provisions of the city ordinance, franchise and contract, the Court held the water company not liable for the loss, stating the following important law:

"Under the common law . . . neither a municipality operating its own waterworks nor a privately owned water company serving a city and its inhabitants with water for domestic purposes and for the purpose of extinguishing fires is liable in damages to any individual for a loss from fire occasioned by the failure to obtain water from the fire hydrants to extinguish such fire."

### Injury by Fire Truck

THE overwhelming weight of legal authority is to the effect that a fire department, maintained by a municipal corporation, belongs to the public or governmental branch of the municipality. Therefore, a city is not liable for injuries to persons or damage to property resulting from the maintenance and operation of its fire department vehicles, although the injuries are negligently effected.

For example, in *Barcus v. City of Coffeyville*, 282 Pac. 698, it was proved that a fire truck, being driven on the wrong side of the street, negligently collided with another automobile, killing its occupant. The dependents of the man who was killed sued the city for damages.

The sole question presented the Court was whether the city was liable for the negligence of its fire department employees. The city contended that in the maintenance and operation of its fire department it performs a governmental function, and that it is not liable for injuries which are the result of negligent acts of its servants or officers while engaged in the performance of their governmental duties.

After thoroughly reviewing the testimony the Court held the city not liable, and said:

"The general rule, well settled in this State and elsewhere, is that in the performance of governmental functions neither the State nor any of its political subdivisions is liable in damages for the negligence of its officers. . . . In the maintenance and operation of its fire department, a city acts in its governmental capacity. . . . The power conferred by the statute, on the cities of this State, to organize and regulate fire companies, and provide engines, etc., for extinguishing fires, is, in its nature, legislative and governmental; and a city is not liable to individuals for damage resulting from a failure to provide the

necessary agencies for extinguishing fires, or from the negligence of officers or other persons connected with the fire department."

Therefore, it is quite apparent that a warehouseman is not entitled to recover damages where his warehouse burns as a result of negligence on the part of fire department employees, or if his motor vehicles are damaged by negligent operation of fire department vehicles.

### Water Losses

IT is important to know that if the loss resulting from defective hydrants or other waterworks' equipment is caused by negligence of a privately owned or municipal water company in performance of its ministerial or proprietary functions, the warehouseman is entitled to

### Next Month

THE warehouseman's liability for an injury to either a customer or an employee will be discussed by Mr. Parker in his next article, to appear in the April issue.

When patron is entitled to damage; care of premises; safeguarding of pedestrians; icy sidewalks; employee's right to compensation—these and kindred phases will be discussed, with recent Court decisions cited.

recover damages, although a portion of the system is utilized for governmental purposes.

For instance, in the leading case of *Miller Co. v. City of Des Moines*, 192 N. W. 306, the testimony showed that a municipal water company neglected to repair a defective fire hydrant after being notified that it leaked. The basement of a nearby building was flooded, and the owner sued the city for damages.

In this particular case it was shown that the city used the hydrant for a dual purpose. The city used it for the purpose of fire protection when needed and it likewise used it to obtain water with which to sprinkle the streets. Also, it was used as a device for the purpose of closing the end of the water pipe. Therefore, as the loss was caused by negligence of the ministerial and not the governmental officials of the city, the Court held the city liable, stating the following important law:

"In the instant case, the municipality, acting in its governmental capacity, had the right to maintain and operate a waterworks plant for the purpose of fire protection in the city. At the same time, the city, in its proprietary capacity, had a right, under the statute, to operate a waterworks plant for the purpose of distributing water to the citizens of the municipality and to receive pay therefor. The same instrumentalities could be used, if available, for the two-

fold purpose. The water pipes carried water throughout the city for the purpose of fire protection and also for sale to consumers. . . . Had the appellee [property owner] suffered loss by fire because of a defect in the hydrant in question, the city would not be liable therefor."

### Bursting Mains

GENERALLY speaking, neither a municipal nor a privately owned waterworks is liable for damages resulting from leaking or breaking of a water main, unless the evidence clearly indicates that negligence of the waterworks' employees caused the damage.

A leading case on this subject is *Chicago v. Schwab Co.*, 67 N. E. 386. Here it was disclosed that the owner of a building discovered water leaking into his basement. He notified the waterworks' officials, who neglected to stop the leak. The city was held liable for the resultant damages.

Also, in *Miller v. Des Moines*, *supra*, the city was held liable.

Another case is *Aschoff v. Evansville*, 72 N. E. 278. A property owner instituted legal proceedings against a city to recover damages for the destruction of goods caused by the bursting of a water pipe which flooded his cellar. In this case it was shown that the city employees supplied great pressure to the line during a fire and caused the pipe line to burst, permitting the water to flow into the basement, filling it with mud, slush, slime and water, thereby damaging the goods stored therein.

Counsel for the property owner contended that the city was liable for negligence by employees in applying the great pressure and also in failing promptly to shut off the water after being notified of the break.

Although the lower Court held the property owner not entitled to a recovery, the higher Court reversed this verdict, and said:

"When duties of a purely ministerial character are expressly enjoined by law on such corporations, or arise by necessary implication, they are responsible for any damages resulting to individuals from a neglect to perform them, or for their performance in an improper manner. . . . Where it [city] supplies water to its citizens, and charges therefor, it acts in its private capacity, although such waterworks system is also used for extinguishment of fires. So acting, it stands on the same footing as would any individual or body of persons upon whom a like special franchise had been conferred. . . . A municipality operating a plant for its own use and that of its inhabitants is, therefore, liable for injuries to adjoining property resulting from its negligence. . . . Reasonable care in constructing and maintaining the plant required that the water pipes be reasonably sufficient to resist such pressure as they were likely to be subjected to, whatever the reason for it might be."

Therefore, it is quite apparent that a municipality is liable for any damages

to stored goods resulting from negligence of its employees to fail to turn off water or promptly make repairs after receiving notification that the line is leaking or otherwise defective.

On the other hand, if the testimony proves to the satisfaction of the Court that ordinary care was exercised in laying and maintaining the pipe line, the mere fact that the line suddenly breaks and floods warehouse property is not in itself sufficient reason for a Court to render a decision in favor of the warehouseman, because under these circumstances no negligence on the part of the city employees is proved.

For other cases on this subject see *Riegel v. Philadelphia*, 145 Atl. 837; *Egelhoff v. Ogden City*, 267 Pac. 1011; *Piper v. Madison*, 140 Wis. 311.

### Sewerage

It is well settled that a municipality is liable in damages for injuries to persons or damage to property resulting from negligence of officials or employees who act in its sewerage and drainage department.

For illustration, in *City of Birmingham v. Norwood*, 126 So. 616, it was disclosed that a property owner sued a municipality for damages resulting from damage to stored merchandise when a basement was flooded. During the trial it was shown the flooded condition was caused by a stoppage or obstruction which was the proximate consequence of the city's negligence in not exercising reasonable care to keep the city sewer free of obstructions, or in failing to remove the stoppage of obstruction within a reasonable time after the property owner notified the city officials that the sewer was obstructed. In holding the city liable, the Court said:

"It is settled that, in the exercise of its statutory powers to construct and maintain a system of sewers and drains, a municipal corporation acts ministerially, and that, for damages proximately resulting from negligence in the

construction or maintenance of sewers and drains, a municipal corporation must respond in damages to the injured party. . . . And an action for damages for negligence in the construction or maintenance of a drain or sewer cannot be defeated on the ground that it was for the benefit of the public health."

Also it is important to know that various courts have held that municipalities are liable for damages caused privately owned property resulting from the negligence of city employees or contractors who reconstruct the streets.

### Service Cut Off

It is well established that a city is liable for its negligence in shutting off water, gas or electric supply.

For example, in *Watson v. Inhabitants of Needham*, 37 N. E. 204, it was disclosed that the contract between a city and its water consumers gave to the former the right to shut off the water in all cases when it becomes necessary to make extensions or repairs, and whenever the commissioners deem it expedient.

A property owner sued the municipality for damages when his merchandise was damaged by failure of the city to supply water with which he could make steam in a heating plant used to heat the building. In this case the damages did not arise from wanton failure of the city to supply water, but it was caused by a leak which remained undiscovered until after the standpipe had been emptied, and there was no longer any pressure in the service pipes.

In view of the fact that the city was negligent in failing to discover the leak and provide a supply of water notwithstanding, the Court held the property owner entitled to recover full damages.

It is interesting to observe that the courts recognize a distinction between the duties of a municipal or private water company to supply water, gas or electricity continuously to industrial plants, warehouses, and the like, where

the city officials have either expressed or implied knowledge of the uses to which the water, gas or electricity is put.

An example of this phase of the law is supplied by the outcome of the leading old case of *Brame v. Light, Heat and Water Co.*, 48 So. 728. The facts are that many years ago a water consumer, without notice to a water company, installed a newly invented "instantaneous gas heater." This heater was so arranged that it was comparatively safe as long as there was a continuous flow of water, but highly dangerous if left burning after the water supply had ceased.

On a certain afternoon the property owner lighted the gas and turned on the water. During his absence the flow of water was turned off, and as a result the building was set afire and substantial damage resulted. The cessation in the flow of water was due to the fact that the water company, in order to repair a leaking hydrant, had cut off the water along the street in front of the building, and no notice of the intention so to do had been given. The flow of water was suspended for about half an hour.

The property owner sued the water company for damages, but the Court held the company not liable and explained that the city was not negligent in failing to notify the property owner of its intention to turn off the water as the city had no knowledge that the building contained an instantaneous water heater.

Obviously, however, this rule of the law would not prevail at this present time because the courts hold that municipalities have implied knowledge of all usual equipment of warehouses irrespective whether the warehouseman notifies the city of all the kind of devices installed in the warehouse.

On the other hand, if a warehouseman purchases a newly invented device it is his duty to notify the city and public utility companies of its installation if turning off water, gas or electricity may result in damage.

## Federal Trade Commission Issues Book of Statutes and Decisions

DISTRIBUTION AND WAREHOUSING'S  
Washington Bureau,  
1163 National Press Building

MEMBERS of the warehousing industry in doubt as to possible conflict with the Federal Trade Commission in the future will have access to a guide in the form of a newly published 1240-page volume of "Statutes and Decisions Pertaining to the Federal Trade Commission."

It is the first compilation of its kind and covers all statutes administered by the Commission, with related court decisions, from the inception of the regulatory body in 1914 to date.

The volume is designed as a saver of time and labor for those in the industries who follow up the multitudinous references to the work of the Federal Trade Commission as contained in the organic

Acts, amendments, Federal and State Court decisions, United States statutes, and other sources. For the period mentioned and the scope outlined the book is exhaustive in treatment.

The index and all marginal and textual citations are arranged to afford quick and convenient cross reference. The pagination of the United States statutes at large is shown in the text in bold face figures which enable the reader not only to cite the volume in which the statute appears, but also the particular page of the volume for any specific part of the statute. Similar provisions have been made in the text of the decisions.

The scope of the book is indicated in the following headings taken from the title page:

"Statutes and Decisions Pertaining to the Federal Trade Commission, Comprising

the Federal Trade Commission Act, with all Court decisions thereunder. The Clayton Act, with all Court decisions under Sections 2, 3, 7, 8, and 11 to which the Commission was a part and the more important State and Federal decisions to which the Commission was not a party. The Export Trade Act, with abstract of all Court decisions thereunder. Opinions of the United States Attorney General construing the above-mentioned statutory provisions. The Sherman Anti-trust Act (marginal reporting of text only, without cases). Marginal references to all amendments to or Acts directly affecting the above named statutes."

Copies of the volume are now available at the office of the Superintendent of Documents, Washington.

—Robert C. McClellan.



# The Ethics of an Industry— A Code Without Teeth

Illinois Association's  
New Rules of Conduct

A DOCUMENT without parallel in the annals of the public storage industry has been compiled by the Illinois Association of Merchandise Warehousemen. It is a "Code of Standards of Correct Practice," which, without teeth and intended both for executives and employees for their guidance and inspiration in the conduct of business, sets forth rules governing (a) the warehouseman's relations with the general public, (b) with his labor, (c) with his patrons and prospective customers, and (d) with other warehousemen and the industry at large, and (e) outlines the warehouseman's responsibility under the law. Summarized, it is, as the title on the outside cover points out, "The Ethics of an Industry."

At the Atlantic City convention of the American Warehousemen's Association, in January, Chester B. Carruth, Chicago, statistician of the merchandise division, discussed the code and credited Elmer Erickson, Chicago, the American's new president, with having suggested the idea

and being the code's author. Mr. Erickson disclaimed exclusive fatherhood. As a matter of fact the document's carefully chosen phraseology was the result of collaborative effort on the part of a special subcommittee of the Illinois organization's cost finding committee. On this subcommittee were Mr. Erickson, who is vice-president of the Midland Warehouse & Transfer Co., and who served as chairman; Herbert W. Verrall, vice-president of the Griswold-Walker Bateman Company, and A. H. Millward, president of Wakem & McLaughlin, Inc., all of Chicago. Mr. Carruth worked with the subcommittee.

So impressed were the merchandise division members with the document at Atlantic City that it was voted that a special committee be created to prepare a code of ethics for the division.

By permission of the Illinois association, *Distribution and Warehousing* here publishes the code in full:

## ARTICLE I

### *The Proprietor, Manager or Executive Authority*

*As the personal and business character of the proprietor manager or executive officer is the basis of right conduct in any business, the following character marks are deemed prerequisite for the successful actualization of the code.*

1. The head of the business should be a moral man, physically fit, of sound integrity, of good reputation, unquestioned honesty and credit standing. On the purely social side, he should be kindly, courteous and sincerely friendly.

2. He should consider his business and honorable occupation, and realize that it affords him a distinct opportunity to serve society.

3. He should keep informed on ideals, principles and practices through leading business magazines; be alert to utilize new and progressive ideas for the betterment of his business; and willingly cooperate with others in aiding the advancement of the public merchandise warehousing industry as a whole.

## ARTICLE II

### *Rules of Conduct Governing the Warehouseman's Relations with the General Public*

1. The warehouseman shall not engage in any movement that is contrary to law or public welfare.

2. He should have a lively interest in all that relates to the civic welfare of his community, and should join and support local, civic and commercial associations. He should participate in those movements for public betterment in

which his special training, knowledge and experience qualify him to act.

3. The warehouseman should welcome every opportunity to disseminate practical and useful information relative to the public merchandise warehousing business in order to provide the public with a correct understanding of his industry, and should refute untrue, unfair, or exaggerated statements regarding it that appear in the public press or elsewhere.

## ARTICLE III

### *Rules of Conduct Governing the Relations of the Warehouseman and His Employees*

#### THE EMPLOYER

1. The warehouseman shall not advocate nor support any movement which seeks as its object unfair dealings with employees.

2. Both warehouseman and employees should realize and manifest a reciprocal partnership and teamwork relationship.

3. The warehouseman should interest himself in the personal welfare of his employees and encourage and assist them in habits of thrift and self-advancement.

4. He should provide economic advantages for his employees through such media as group-life and accident insurance, outings, vacations, etc.

5. He should provide labor-saving devices to lessen drudgery, reduce costs and to secure greater efficiency of operation.

6. The warehouseman should promptly weed out any employees who are retarding the progress of the business by unfortunate temperament, incorrect views on business relationship, or incapability.

7. He should study and know the individual traits and abilities of his employees, so that he may place them in the positions for which they are best fitted, and may justly promote them as opportunity offers. All advancements should be made solely on the basis of merit: loyalty, ability and unusual effort should be rewarded.

8. He should consider the interests of youthful employees and should allow no detrimental influence over them. He should spare no reasonable effort to make of them finished workmen and good citizens.

9. A fair wage for a day's work should be the governing thought in arriving at the rate of pay for all employees, with due regard for their living conditions, appropriate recreational activities and the opportunity to save.

10. The warehouseman should express appreciation for work which represents the wholehearted interest of his employees.

11. He should educate his employees in the technical and practical phases of the warehousing business, not only for their own advancement, but for their increased efficiency as units in the operation.

12. He shall instruct his employees as to the correct standards of practice in the conduct of the business, so that they shall do their part to make effective this Code of Ethics of the Illinois Association of Merchandise Warehousemen.

13. He shall provide practical safety devices and safety methods for the prevention of accidents.

14. He should provide healthful surroundings and congenial working conditions.

15. He should not criticize employees, nor try to belittle them, in the presence of others.

#### THE EMPLOYEE

16. The employee should educate himself and strive to grow in capability of service.

17. He shall faithfully perform all the duties of his position, sincerely strive to serve the best interests of his employer, loyally maintain the rules and regulations made for his guidance, enthusiastically support this Code of Standards of Correct Practice on which the reputation of his employer stands, and be ready at all times to cooperate willingly with his fellow-employees in promoting efficiency of operation and high standards of service.

18. Employees should have the right to take up all questions arising as to hours, wages, conditions or grievances with department heads, with privilege of appeal to the employer.

19. The employee should feel that his interest in the success of the business is no less than that of his employer.

#### ARTICLE IV

##### *Rules of Conduct Governing the Warehouseman's Relations with His Patrons and Prospective Customers*

*The object of the rules of conduct under this article is to make satisfied customers. The confidence of the public can be gained only by deserving it.*

1. The warehouseman shall maintain an inviting place of business; it shall be kept clean, orderly and absolutely sanitary. It shall be open for service at all reasonable hours as determined by customary service requirements.

2. Equally courteous and attentive service shall be given to all customers, promptly and cheerfully.

3. The warehouseman shall not describe the public merchandise warehousing business, the methods used, facilities furnished or services rendered, nor quote charges and rates, nor state terms and conditions, in a manner that is misrepresentative, or that has a tendency or capacity to deceive or confuse customers or prospective customers as to the true character thereof in any particular.

4. The warehouseman shall be accurate in his statements, whether in letters, sales talks, advertising, or general conversation with patrons and others. Accuracy is not only the absence of actual mis-statements, but it is the presence of fact that will prevent the reader or hearer from taking a wrong inference or making an incorrect deduction.

5. The warehouseman shall not offer nor make confidential or secret charges, rates, terms or conditions, or secret rebates or concessions, nor shall he offer nor make in any manner or by any device whatever, more advantageous charges, rates, terms or conditions, to certain favored customers or prospec-

tive customers than are offered or made to all customers or prospective customers under substantially similar circumstances.

6. The warehouseman shall always uphold the honor and integrity of the Industry by the faithful performance of all contracts, both written and verbal. Disputes should be handled in a fair and reasonable manner and in a spirit of moderation and good will. In the event of failure to agree, the warehouseman should recommend arbitration under some one of the prevailing codes as preferable to litigation with its costly handicaps and delays.

#### ARTICLE V

##### *Rules of Conduct Governing the Warehouseman's Relations with Other Warehousemen and with the Industry at Large*

*The following rules of conduct are provided to promote fair and equitable competition, to establish and maintain cordial and friendly relations, and generally to advance the public merchandise warehousing industry.*

1. The warehouseman shall abstain from making false or disparaging statements, or circulating harmful rumors, concerning the business, personal, or financial standing of another warehouseman.

2. In his correspondence, sales talks, advertising or general conversation with customers, prospective customers, or others, the warehouseman shall not discredit or unfairly injure his competitors by failing to disclose the whole truth or by expressing a falsehood with respect to their facilities or service.

3. The warehouseman shall not, directly or indirectly, subsidize, or offer to subsidize, customers or prospective customers, or those representing them, by contributions or subsidies of money, services or other gratuities or things of value in the form of credits, rebates, special concessions, or in any other form, for the purpose and with the effect of inducing them to patronize or deal, or contract to patronize or deal, with the honor or of causing them to refrain from patronizing or dealing, or contracting to patronize or deal, with the donor's competitors.

4. The warehouseman shall not sell the use of facilities nor render service below own cost for the purpose of injuring a competitor and with the effect of lessening competition.

5. Because an accurate knowledge of costs is indispensable to intelligent and fair competition, the warehouseman should adopt some rational and efficient cost system so that he may secure a just and fair compensation for his service. In figuring cost he should not only include labor and material, but also wear and tear of plant and equipment, interest on capital or borrowed money, and all other expenses that arise out of the operation of the business.

6. The warehouseman, while reserving the right to exercise his individual judgment as to the amount of his charges and rates, should establish and openly state his charges, rates, terms and conditions,

and should in good faith publish them in a tariff or schedule. He should keep open to public inspection such printed schedule showing all rates, charges and classifications that are in force at the time for any service furnished, or to be furnished by him. He shall offer and make his charges, rates and terms and conditions under substantially similar circumstances to all customers and prospective customers without discrimination. The warehouseman shall make a part of his proposals and contracts the "Standard Contract Terms and Conditions for General Merchandise and Cold Storage Warehouses, as adopted by unanimous vote by representatives of shippers, bankers, railwaymen and warehousemen, at a general conference, April 30, 1926, at Washington, D. C., and as approved Oct. 30, 1926, by the United States Department of Commerce."

7. The warehouseman shall not, directly or indirectly, offer employment to an employee of another warehouseman without first consulting the present employer.

8. So that the industry as a whole may increase efficiency through interchange of information, the warehouseman should welcome inspection by fellow-warehousemen of his system and methods of operation.

9. The warehouseman should be a member of the American Warehousemen's Association, Merchandise Division, and enter heartily into the activities it undertakes for the general welfare and advancement of the industry.

#### ARTICLE VI

##### *Rules of Conduct Relating to the Warehouseman's Responsibility Under the Law*

1. The warehouseman should inform himself as to provisions and decisions regarding tax matters so that his reports will comply with both the letter and spirit of the law, and be found correct by government inspectors.

2. The warehouseman shall interest himself in all proposed legislation affecting the warehousing industry, study its provisions from the viewpoint of justice and fairness, and take measures in connection with others to see that the best interests of the industry are adequately safeguarded.

3. The warehouseman owes it to himself and to the industry as a whole to be informed concerning the local, State and national laws relating to the warehousing business, and shall always cooperate with the proper authorities in their enforcement.

4. The warehouseman shall, each year, make application for a license and furnish to the State of Illinois a suitable bond as required by law duly set forth in "An Act to Regulate Business of Storing Personal Property for Hire, enacted by the State of Illinois, June 28, 1921, and in force Oct. 1, 1921."

5. The warehouseman shall comply with all the provisions of the law relating to warehouse receipts, enacted by

the State of Illinois, May 29, 1907, and in force July 1, 1907. That in this there is a measure of protection for storer and warehouseman alike may be observed in the following extracts from the law:

"A warehouseman, or any officer, agent or servant of a warehouseman, who issues or aids in issuing a receipt, knowing that the goods for which such receipt is issued have not been actually received by such warehouseman or are not under his actual control at the time of issuing such receipt, shall be guilty of crime, and upon conviction shall be punished for each offense by imprisonment not exceeding five years, or by a fine not exceeding five thousand dollars, or by both.

"A warehouseman, or any officer, agent or servant of a warehouseman, who fraudulently issues or aids in fraudulently issuing a receipt for goods, knowing that it contains any false statement, shall be guilty of a crime, and upon conviction shall be punished for each offense by imprisonment not exceeding one year, or by a fine not exceeding one thousand dollars, or by both.

"A warehouseman, or any officer, agent or servant of a warehouseman who issues or aids in issuing a duplicate or additional negotiable receipt for goods, knowing that a former negotiable receipt for the same goods or any part of them is outstanding and uncanceled, without plainly placing upon the face thereof the word 'duplicate,' except in the case of a lost or destroyed receipt, after proceedings as provided for in Section 14, shall be guilty of a crime, and upon conviction shall be punished for each offense by imprisonment not exceeding five years, or by a fine not exceeding five thousand dollars, or by both.

"Where there are deposited with or held by a warehouseman goods of which he is the owner, either solely or jointly or in common with others, such warehouseman, or any of his officers, agents or servants who, knowing this ownership, issues or aids in issuing a negotiable receipt for such goods which does not state such ownership, shall be guilty of a crime, and upon conviction shall be punished for each offense by imprisonment not exceeding one year, or by a fine not exceeding one thousand dollars, or by both.

"A warehouseman, or any officer, agent or servant of a warehouseman, who delivers goods out of the possession of such warehouseman, knowing that a negotiable receipt, the negotiation of which would transfer the right to the possession of such goods, is outstanding and uncanceled, without obtaining the possession of such receipt at or before the time of such delivery, shall, except in the cases provided for in Section 14 and 36, be found guilty of a crime and upon conviction shall be punished for each offense by imprisonment not exceeding one year, or by a fine not exceeding one thousand dollars, or by both.

"Any person who deposits goods to which he has not title, or upon which there is a lien or mortgage, and who takes for such goods a negotiable receipt which he afterwards negotiates for value, with intent to deceive and without disclosing his want of title or the existence of the lien or mortgage, shall be guilty of a crime, and upon conviction shall be punished for each offense by imprisonment not exceeding one year, or by a fine not exceeding one thousand dollars, or by both."

## ARTICLE VII

### Adoption of the Code and Obligation of Its Observance

With the adoption of this Code of Standards of Correct Practice by the Illinois Association of Merchandise Warehousemen, each member shall at all times sincerely and faithfully observe the rules of conduct herein set forth and inspire others similarly to maintain the honor of the Industry.

The member firms of the Illinois as-

sociation, all of which have subscribed to the code, are as follows:

C. & A. Terminal Warehouse Co., Central Storage & Forwarding Co., Chicago Shipping & Storage Co., Crooks Terminal Warehouses, Currier-Lee Warehouse Co., Griswold-Walker-Bateman Co., Midland Warehouse & Transfer Co., Mitchell-Jackson, Inc., North Pier Terminal Co., Ontario Warehouse Co., Railway Terminal & Warehouse Co., C. H. Ronne Warehouse Co., Soo Terminal

Warehouse, Tooker Storage & Forwarding Co., Wakem & McLaughlin, Inc., and Western Warehousing Co., all of Chicago; Crandall Transfer & Warehouse Co., Moline; Danville Transfer & Storage Co., Danville; Federal Warehouse Co., Peoria; Jacksonville Transfer & Storage Co., Jacksonville; Johnson Transfer & Fuel Co., Joliet; Merchants Warehouse Co., Peoria; Rockford Storage Warehouses, Rockford, and Thompson Transfer & Storage Co., Aurora.

## Southern Cotton Interests Advocate Farm Board Entering Warehousing

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1163 National Press Building.

RUMBLINGS have reached here of a movement in the South proposing that the Government construct \$100,000,000 worth of warehouses for cotton. Senators T. H. Caraway of Arkansas, Kenneth McKellar of Tennessee, and Elmer Thomas of Oklahoma have been approached on the subject. The obvious purpose of the inquiries was to see how these influential Senators might react on the proposal that the Government, through the Federal Farm Board and its cooperative marketing machinery, get into the warehousing business on a big scale.

Representations were made to these Senators that warehousing charges on cotton in the South were too high. It was said that a rate of 25 cents a bale per month was charged in some instances. The suggestion was made that an appropriation of \$100,000,000 at this time, for the construction of cotton warehouses, would alleviate unemployment conditions in many localities and would have the effect, ultimately, of placing the cooperative marketing associations in control of warehousing rates throughout the Cotton Belt.

The proposals did not "take" with the Senators to whom it was presented. They evinced no particular interest in the idea, and for a rather significant reason. They were opposed to voting any more money or authority to the Federal Farm Board until they had more definite information as to just where the Board was headed.

As for the allegation that warehousing rates for cotton in the South are too high and that the Federal Farm Board had done nothing about them, Alexander Legge, chairman of the Board, said he had heard no complaints against these storage charges. He explained that the Farm Board had not taken a hand in negotiating cotton storage rates, which are determined by the cooperatives and the warehousemen with whom they deal.

Further, Chairman Legge said there appeared to be ample storage space in the South for cotton, and that as long as available facilities were adequate and at reasonable charges, the Farm Board would not look with approval on pro-

posals to build more warehouses for the accommodation of cooperative cotton holdings.

The Cotton Stabilization agency now is holding 1,300,000 bales of the 1929 cotton crop, and other cooperative associations have at least 1,500,000 bales of the 1930 crop. Had there been any serious complaint as to storage rates, some echo of it would have reached the Board long since.

Importance attaches to the proposals for a \$100,000,000 warehouse construction program, it seems, only because it is typical of the agitation which may be expected from time to time by those who would see the cooperative marketing associations in absolute control of marketing facilities, including warehouses. It revives interest in the provisions of the Agricultural Marketing Act dealing with the Farm Board's power to lend money for construction or purchase of these marketing facilities.

Section 7 of the law provides that the Federal Farm Board, "upon the application of any cooperative association . . . is authorized to make loans to it from the revolving fund to assist in—(2) the construction or acquisition by purchase or lease of physical marketing facilities for preparing, handling, storing, processing, or merchandising agricultural commodities or their food products."

But the law imposes these limitations:

1. No such loan for the construction or purchase of such facilities shall be made in an amount in excess of 80 per cent of the value of the facilities to be constructed or purchased.

2. No loan for the purchase or lease of such facilities shall be made unless the Board finds that the purchase price or rent to be paid is unreasonable.

3. No loan for the construction, purchase, or lease of such facilities shall be made unless the Board finds that there are not available suitable existing facilities that will furnish their services to the cooperative association at reasonable rates; and in addition to the preceding limitation, no loan for construction of facilities shall be made unless the Board finds that suitable existing facilities are not available for purchase or lease at a reasonable price or rent.

—Horace H. Herr.



# FROM THE LEGAL VIEWPOINT

By  
**Leo T. Parker**

## **License Law Is Held Void**

**T**HE law is well established that a license law is void if it is discriminatory, or if the lawmakers by accident fail to include in the law requirements that all similar businesses shall pay license fees. This latter error results in the ordinance being discriminatory, and the Court will invariably hold such a license law void.

For instance in *City of Mobile v. La Clede Co.*, 129 So. 477, a city enacted an ordinance taxing various businesses depending on their kind and size. By mistake the framers of the law did not include all businesses in the city. Therefore, the Court promptly held the ordinance void, saying:

"To sustain the ordinance there must be uniformity of the tax burden upon those in the same class; there must be no fanciful or capricious classification. . . . This ordinance offends this well recognized principle. . . . Doubtless this was unintentional, and a mere oversight, but the result is their omission exempts them from the license tax. . . . It is not the business of the Courts to amend municipal ordinances or lick them into shape on their own notions of convenience, feasibility, and justice, to meet the exigencies of particular cases. It is for the legislative authority, not the judicial, to classify."

## **Implied Contract**

**C**ERTAIN agreements are implied in law. Such contracts are a class of obligations imposed or created by law on the ground of necessity to promote justice. These contracts are not actual contract obligations at all in the true sense because there is no agreement. However, they are deemed in law as contracts although the obligation arises not from consent, as in the case of true contracts, but from the law. An example of an implied contract is found in the recent case of *Allen-Morrow Co. v. Liquid Co.*, 27 S. W. (2d) 132.

The facts of this case are that a company purchased certain bankrupt merchandise and failed promptly to remove the goods from its place of storage. The owner of the building sued to recover storage charges. Although the purchaser had not promised to pay the rent, the Court held that he was bound by an implied contract to pay reasonable storage charges, saying:

"A contract implied in fact, or an im-

plied contract in the proper sense, arises where the intention of the parties is not expressed, but an agreement in fact, creating an obligation, is implied or presumed from their acts, or, as it has been otherwise stated, where there are circumstances which, according to the ordinary course of dealing and the common understanding of men, show a mutual intent to contract."

## **Right of a Lessee to Remove Equipment**

**T**HE general rule is that permanent buildings erected by a warehouseman on the leased premises are not removable as trade fixtures unless the lease contract expressly or impliedly reserves

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to the warehouseman the right to remove them. Moreover, when it is stipulated in the lease contract that structures, ordinarily removable by a tenant, shall belong to the landlord on the expiration of the lease term, the latter acquires ownership in such structures immediately on their construction.

In other words, a warehouseman cannot remove from leased premises legal fixtures before or after expiration of the lease.

For example, in *Roanoke v. Standard*, 154 S. E. 518, it was disclosed that a property owner leased certain property to a tenant. In the lease it was agreed between the parties that the tenant should erect and install upon the leased premises "buildings, equipment, and appliances, and such structures were to belong to the property owner at the termination of the lease." The tenant installed a large underground tank for the storage of gasoline and, after termination of the lease, attempted to remove the tank from the property.

In holding the property owner entitled to retain all equipment, including the tank, on its property, as its own, the Court said:

"Our conclusion is that where, by the lease, the tenant is given the right to install a large storage tank under the surface of the ground . . . and, on the termination thereof, such storage tank is to become, along with other buildings and structures, the property of the lessor, it partakes of the nature of a permanent fixture."

## **Violation of Law Means Negligence**

**G**ENERALLY speaking, a person who is injured while violating a State law, or city ordinance, is legally negligent and not entitled to recover damages, unless it is shown conclusively that the person who caused the injury could have avoided the accident by using due care.

For illustration, in *Lorry v. Englander Drayage & Warehouse Co.*, 291 Pac. 467, a warehouse company was sued for damages as a result of injury to persons who were standing on the running board of a jitney bus which was struck by a truck owned by the warehouse company.

Inasmuch as an ordinance of the city made it unlawful for any one to ride on the running board of a jitney bus, the higher Court held the warehouseman not liable because in violating the ordinance the injured persons were guilty of negligence which proximately contributed to their injuries. This Court said:

"Under these facts we can see no escape from the conclusion that the conduct of appellants in riding on the running board in violation of the ordinance was a proximate contributing cause of their injuries. . . . As to the Englander Drayage & Warehouse Company, no evidence would support a finding that the driver of the truck saw appellants on the running board of the bus or was aware of their dangerous position in time to have a clear chance to avoid injuring them."

## **Release Is Held Void**

**I**T is well settled that one who is in sound mind and able in body, who cannot read or write and does not know the terms of an agreement, may not procure an avoidance of a release if he neglects to ask any one to read the instrument to him before he signed it. Therefore, one who neglects to procure

another on whom he has a right to rely to read the instrument which he cannot read himself, and who signs it without knowledge of its contents, is guilty of such negligence as will bar his right to have the agreement set aside.

However, it is important to know that if the other party to the contract performs any act intended to deter the signer from procuring another to read the contract, then the agreement is voidable.

For instance, in *McMillan v. Isreal Transfer Co.*, 30 S. W. (2d) 626, it was disclosed that while a helper was loading a motor on a truck the vehicle's driver started the truck and ran over the foot of the employee. Soon afterward the owner of the transfer company presented a paper, for the injured employee to sign, which stated that in consideration of payment of \$446 by the transfer company to the helper the latter released the transfer company from further liability.

Later the employee sued the transfer company for \$5,000 damages, contending that when he signed the release he could not and did not read it, and that an agent of the transfer company had stated that the release was intended merely to supply him with immediate money with which to pay his expenses "until he fully recovered."

Counsel for the transfer company argued that the release was not rescindable because the employee was negligent in failing to have some one to read the instrument for him before he affixed his signature thereto. However, the Court held the release void and rendered a verdict in favor of the employee for \$5,000, saying:

"The plaintiff [employee] cannot read and cannot write except to sign his own name. He had gone to a hospital after he was injured, and he signed the release on the day he was discharged from the hospital. . . . The evidence clearly shows that plaintiff was not warned of the approach of the truck, either by the driver or by the defendant. . . . False representations and fraudulent concealments upon the part of the defendant [transfer company] or its agent operated to deter the plaintiff from reading or having read the paper to which plaintiff affixed his signature, and under such circumstances the plaintiff's negligence in signing the paper without first acquainting himself with the contents was of no consequence."

### Employer's Liability

FREQUENTLY warehousemen may make contracts with employees which importantly reduce the formers' liability.

For example, in *Harvey v. Meadowlake*, 27 S. W. (2d) 299, it was shown that a passenger car driver sued a company for damages as a result of injuries sustained in a collision caused by negligence of a motor truck driver.

During the trial it was disclosed that the company had a written contract with the motor truck owner by which the latter agreed for a stipulated compensa-

tion to use his truck to transport merchandise for the company. This contract provided that the motor truck owner was not in any sense an employee of the company, but acted merely as a carrier for which he should be paid a stipulated freight rate.

In view of this contract the Court held the company not liable for the negligence of the truck driver, saying:

"In this case the contract with Rather stipulated that he was to furnish his own truck and to pay the expenses of its operation and repair. He received his compensation by the quantity of goods he delivered. It is true he was to work every day and to observe certain hours. . . . It was expressly stated in the contract that Rather [motor truck owner] was in no sense an agent or servant of the company. Hence his authority and his duties as well were regulated by the terms of that contract. . . . We are of the opinion that this stipulation in the written contract rather strengthens the conclusion that Rather's obligation to perform those details arose, not from the will of the company, but from an express contractual stipulation."

### May Infer Knowledge

IN almost all cases involving injuries to warehouse patrons the question presented the jury is whether the proprietor was aware of the dangerous condition which caused the injury. Obviously, although the proprietor denies knowledge of the defect, or presence of the thing causing the injury, the Court may infer his knowledge.

For illustration, in *Bury v. F. W. Co.*, 283 Pac. 917, it was disclosed that a patron slipped on a freshly oiled floor, resulting in severe injuries. He sued the proprietor for damages. The latter attempted to avoid liability on the contention that he did not know the floor had been oiled. Notwithstanding this argument the Court held the proprietor liable, saying:

"The defendant [proprietor] contends that there was no evidence to show that it had notice of the condition of the floor. The evidence tended to prove that the floor had been recently oiled. A reasonable inference from the fact that the floor had been recently oiled would be that the defendant [proprietor] had caused it to be oiled, and therefore knew its condition."

### Acts of Manager

IT is quite generally held by the higher Courts that, where a warehouseman puts the management of his business in the hands of his agent, the owner is responsible for the injurious acts of the manager committed within the scope of the employment and in furtherance of the warehouse business. This law is applicable although the manager inflicted the injury through lack of discretion or judgment, or loss of temper occasioned by the circumstances of the occasion.

Therefore, if an indiscreet or incompetent agent, or one of violent temperament, is employed, the warehouseman may be liable for any injuries which he inflicts to patrons.

Moreover, a warehouseman is liable to patrons for frauds, deceits, concealments, misrepresentations, torts, negligences, and other misfeasances and omissions of duty of his manager in the course of his employment, although the owner did not authorize, or justify, or participate in, or, indeed, know of, such misconduct, or even if he forbade them or disapproved of them. This rule is founded on public policy and convenience, as by no other legal rule could there be any safety to third persons in their dealings, either directly with the principals, or indirectly with them. Obviously, however, these established rules of the law do not apply to common employees who are employed to perform specific duties not related to or connected with the injury upon which a suit against a warehouseman is based.

The latest case involving an injury to a patron inflicted by a manager is *Nees v. Goldman*, 154 S. E. 769. In this case the testimony proved that the manager had struck a patron while arguing over money which the manager claimed was due his employer. The injured patron sued for \$7,500.

It was contended by the proprietor that the manager was not acting within the scope of his authority or duties when he committed the assault. It was pointed out that he had no power or authority, and it was no part of his duties, to make collections. However, as he was admitted to be the manager, the higher Court upheld the jury's decision which held the employer liable, saying:

"If they [jury] believed from the evidence that Millman [manager] was the agent of defendant [proprietor] and committed the assault, and that the act was fairly and naturally incident to the business then being performed for his principal, and with a view to further the principal's interest, and did not arise wholly from some external, independent, and personal motive on the part of Millman and on his own accord, then the act was within the scope of his employment."

### Selling Goods for Charges

LEGAL EDITOR, *Distribution and Warehousing*: We have an account amounting to \$540 which we are unable to collect. The goods were placed in storage by a constable. He paid the drayage but would not pay storage, and neither would the owners. It is our intention to comply with all the requirements of the Pennsylvania State law and sell at public auction for our charges. We would give notice of sale to all interested parties. We would like to know whether there is any reason why these goods should not be sold legally in the usual way. Below is a record of the goods from the time we received them to date.

Aug. 23, 1929, at the request of a con-

stable we hauled a lot of household goods and stored them in our warehouse. Storage charge \$30 per month. Aug. 31, 1929, we rendered a bill to the constable. He paid the drayage and material charge amounting to \$73.95, but did not pay \$30 for one month's storage. This is the last payment that we received. Sept. 3, 1929, Samuel Handler, attorney for the constable, notified us by letter that the storage charges should be paid by the owners of the goods, Edward Hetrick and Jesse Hawkins. We received a letter saying that Jesse Hawkins had received our letter of the 4th, and his lawyer informed us that the goods were put in storage without the consent of Hawkins or Hetrick.

What must we do to protect ourselves from legal action against us by any of the parties? Is our claim on these goods any different than our claim on goods put in storage by the owner?—*Harrisburg Storage Co.*

Answer: Some Courts have held that a warehouseman cannot be relieved from responsibility for accepting goods for storage, without authority of the owner, although ordered to do so by legal procedure or a Court. It seems that under the laws of your State you can lawfully sell the goods for storage charges, particularly as you intend strictly to follow the laws regarding advertising, notifications, and the like.

However, complications may result, because the goods actually were accepted and retained by you without authority of the owners.

Of course, you can escape liability by having all interested parties sign their consent to your making the sale. However, doubtless this would be impossible.

Obviously, this claim presents unusual complications. Under certain circumstances it is possible that you would be held legally required to look to the constable for the storage charges. Yet this is impractical in this case, because he notified you that he would not be responsible. I cannot definitely decide the outcome of this controversy. Actually the owners owe the charges, but they did not contract the bill. Probably a Court would hold them liable for payment of charges which accrued after they were informed that you held the goods. No cases found presenting similar points of the law.

#### Notice as to New Address

**LEGAL EDITOR, *Distribution and Warehousing*:** What in your opinion constitutes a formal notification of change of address when the customer has signed the storage order with the notation "Will Call"? Should not such a notification be submitted to us in writing?—*Lafayette Storage Co.*

Answer: It is my opinion that ordinarily any notification given by a customer regarding his change of address is sufficient. However, you should exercise ordinary care and be reasonably certain that the notification is authentic.

Obviously, it is preferable that notifi-

cations of this nature be in writing and signed by the customer; then there is no reason to doubt the authenticity of it. If a customer should call you over the telephone and order a change of address it would be your duty to request him to send a signed order. If, however, he should come personally to your warehouse and notify you orally and you are personally acquainted with him so that there is no doubt that he is the owner of the goods, such notification would be sufficient. In all instances of this kind, however, you should require a signed notification. This will eliminate controversy.

#### Theft and Burglary

**LEGAL EDITOR, *Distribution and Warehousing*:** Can you give us any information regarding the warehouseman's liability as to theft and burglary for either merchandise or furniture? We will appreciate any information you can give us on the above subjects—*Lancaster Storage Co., Inc.*

Answer: Warehousemen are required to exercise an ordinary degree of care to safeguard stored merchandise against theft and burglary. The legal degree of "ordinary care" is that degree of care which would under similar circumstances be exercised by the average prudent warehouseman. If the warehouse is small a relatively lesser degree of care is required than where the warehouse is larger. Usually, the average warehouseman is expected to equip his warehouse with efficient burglar systems and provide night watchmen, and employ other modern and efficient means for preventing theft and burglary. Of course, if the night watchman is waylaid and the thieves then enter the warehouse, the warehouseman would not be liable because he has exercised ordinary care in providing a competent watchman.

#### Notices to Delinquents

**LEGAL EDITOR, *Distribution and Warehousing*:** Please revise letter and contract form so that the same will be practical for sending to persons having delinquent storage accounts.—*Neal Storage Co.*

Answer: You can send to your delinquent customers the following letter:

"Dear Sir:

"You have just received your statement showing your account due to date in the amount of —, a large amount of which represents money expended by us for labor and material.

"Under the terms of the Uniform Warehouse Receipts Act your goods are subject to sale for accrued charges after deferred payments of six months.

"We have never been in the habit of taking advantage of this law. However, under the present depressed conditions, we must have some cooperation from our customers who are in arrears.

"This letter is not intended as a threat,

nor to make any unreasonable demands, as we realize that many people at this time are embarrassed by these same conditions.

"What we wish to do is to assist you, if possible, to hold your goods. This can be done by using the enclosed form, which will be credited to your account and a reasonable length of time extended until conditions permit you to bring your account to date.

"Please fill in the enclosed form, making your future monthly payments total your present monthly storage charges, plus any reasonable amount which you can pay monthly to reduce the charges now overdue.

"Remember, we appreciate your business, and hope our plan will work out to our mutual benefit. Please sign and return this form, giving any necessary correction for future address."

"Yours very truly,

"President."

You can include with this letter the following form which your delinquent customers should fill in and sign:

"(Name of storage company)

"(Street number)

"(City and State)

"Gentlemen:

"In consideration of the proposition received of [Name of storage company], in its letter of . . . . I hereby agree to make monthly payments of \$ . . . . ., until my account has been brought up to date.

"(Signed) . . . . ."

"My correct address is . . . . ."

#### Buffalo Food Terminal

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1163 National Press Building

A LARGE food terminal now being constructed in Buffalo on land owned, directly or indirectly, by the Erie Railroad Company, ultimately will be half-owned by the New York, Chicago & St. Louis (Nickel Plate) Railroad, according to a brief filed by the latter road with the Interstate Commerce Commission on Feb. 2.

The Nickel Plate asks the Commission to approve its proposal for the use of eight-tenths of a mile of Erie tracks in reaching the terminal from its present connection with the Erie.

According to the brief, use of the new terminal will be of great advantage to the shippers of produce and other food products from the surrounding area. The Nickel Plate says it now handles a large part of this traffic, and desires the trackage arrangement so that it can offer delivery direct at the terminal.

—F. W. Perkins.

When you ship goods to a fellow warehouseman—use the 1930 Warehouse Directory.



H. A. Haring's

# New Business for Warehouses

No. 64

Helping Your "Accounts" to  
Get More Volume of Sales

QUITE often the warehouseman's contact with the distant patron is more through the traffic department than the sales. Orders for withdrawal from store do come from the sales division, generally the district office, but real contact with the manufacturer is through his traffic man rather than the manager of sales.

Anything that will tie the warehouse closer to the sales manager is desirable. It gives a second person who knows what the warehouse does, and, for every additional executive drawn into this knowledge, there is always the possibility of unexpected consignments, such as the first executive might never think of sending.

The sales manager, too, is keenly alive to any sugges-

tion which will promote volume—the thing for which he lives.

The traffic manager, quite often, is interested in things that will save outlay.

The manager of sales is accustomed to spend more in order to sell more. That is the nature of his job.

Manufacturers are beginning to advertise their warehouse stocks. Their copy in publications carries a list of the cities where they maintain stocks. When the number is too great to be given, they use such general expressions as "Warehouse Stocks in All Cities"; "Stocks at Principal Centers"; "A Warehouse Is Near You"; "65 Warehouse Stocks." Makers of drugs and pharmaceuticals have gone a step further.

SQUIBB, as one, sends out to the trade each year, not a calendar, but a card which the druggist is asked to post on his prescription case. They tell him:

"Post this list on your prescription case for ready reference. It may save precious time—when minutes make the difference between life and death."

Then follows the list of their 14 warehouse stocks—in Atlanta, Baltimore, Boston, Chicago, Dallas, Kansas City, Los Angeles, Minneapolis, New Brunswick, New Orleans, New York, Pittsburgh, San Francisco and Seattle.

The manufacturers of soda ash, oil well supplies, carbide, black powder for blasting and mining, book and catalog paper for printers, refrigerators, paint and lacquer, and a score of other products, carry in their trade advertisements a list of warehouse stocks. It was, however, rather a shock to me, shortly after the holidays, a year ago, to be told by one of the manufacturers of black powder that they had never thought of doing much more than this. Their salesmen are given lists of warehouse stocks but this manufacturer could not recall ever having urged these stocks as a selling argument, when he held conferences with their salesmen. The whole matter was dismissed in their printed sales manual in just seven lines of print. The subject had never been discussed, according to this manufacturer, in their "pep" letters from headquarters to their men in the field. In fact, they had missed entirely the opportunity to tell customers of the possibility for quick service, provided and in readiness but just taken for granted.

This experience led me to get from one warehouseman in up-State New York and one in Cleveland a list of their ten best accounts. Then I made inquiry of

the patrons, by letter, as to what use they make of their warehouse account in selling their goods. During the nine months since I sent out the letters I have been able, at one time and another, to talk in person with six of these twenty manufacturers. Altogether, nineteen of them gave me information. Of the nineteen all but four allow customers to requisition stock on the basis of being accredited accounts with the warehouse.

## What's Wrong?

THE six patrons with whom I had talks were either the president, a vice-president or the manager of sales—no underlings and no traffic managers. Each of the six is large enough to maintain a traffic department, but, for this purpose, I did not talk with them, because I wanted to learn what the man had to say who is in control of selling. Repeatedly these men turned upon me, with something like this:

"What's wrong with warehousemen? Why don't they ever show us what to do?"

"Our salesmen don't quit when they sell a customer a bill of goods. Not on your life! Selling is only begun when we ship from the factory to the retailer. Our salesmen, and our demonstrating crews, go right to the retailer's place and show him how to sell the goods. We demonstrate to our customer's customers."

"A warehouseman isn't treating us quite fair when he knows a whole bag of tricks and keeps it to himself. Why don't they, or their association, get out some leaflet to tell us how to use the warehouse account? How to get most from it?"

I was unable to answer the question beyond explaining that only for one year have the merchandise warehousemen begun to advertise and that a multitude

of problems beset their committee, with limited funds.

## Eight Who Know

NOT all of the nineteen, however, were quite so severe. And, among them, I found quite a number—eight to be exact—who have, at some time or another, used the warehouse stock as a selling argument. Out of all the time spent on this question, one thing did emerge that is highly encouraging.

It is made the theme of this month's suggestion for new business.

Some manufacturers send to their customers notices from time to time to make announcements of warehouse stocks. One maker of book-paper, with each new price list, encloses a list of warehouses. If a new stock has been established since last notice, the name of that warehouse is printed in red ink. Then, in pen and written by hand, the telephone number is inserted for that warehouse (sometimes two) which is nearest each customer.

This paper mill tells me that, at one time, they printed telephone numbers of all warehouses, but, at someone's suggestion, they adopted this method of writing in the one a particular customer is apt to use. To do this entails some expense and a bit of planning; but, to the recipient, attention is riveted to the one item among the many. The mill reports that direct results of this little kink have been tremendous.

A maker of alkali and soda ash has begun to use a card about the size of a postal, which they "stuff" into the envelopes that carry invoices to their customers. They have these cards for each warehouse stock, going to the pains to enclose with each invoice the card that corresponds to the location. Here, again,

expense and work in the office is deliberately assumed for the sake of giving a personal touch. These cards call attention to the manufacturers' stocks.

One of them, used during 1930, carried this wording:

Cooperation  
Cooperation usually means how much each can get, without giving at all. This company believes in the kind of cooperation that gives. In order to cooperate with you in doing business at most profit, we maintain full stocks at The ..... Warehouse in your city. You need not wait for our salesman to call; call telephone ..... and order what you want. You will get it. That is what we call cooperation.

Another manufacturer showed me a postal which they sent out twice last year. A slight change was made to correct a wrong impression of the first set, but, as finally worded, the postal reads:

You Are On the Credit List  
We keep a full stock with certain warehouses. The warehouse nearest you is .....  
Your credit is good with them any time it is with us. They are instructed to honor your requisition for goods to the credit limit you have with us, and which you know. You can save time and cut inventory by drawing upon the warehouse for goods. Remember: You are on the Credit List.

This same manufacturer recently tried the experiment of sending out 500 postals like this one:

If You Were One of Our Regular Customers  
If you were, you would have the same credit limit with The ..... Warehouse in your city that you would have with us. Your own requisition for our goods would be honored by them and the goods immediately available for your truck to call or to be delivered by them.

These postals are sent to non-customers as a try-out of a method. When the salesman next calls he begins to talk from the "IF" of this message; and, if unable to land the "hard nut" account

at that call, he closes the interview by explaining that non-customers, too, may withdraw from the warehouse stock on a C. O. D. basis. The salesman offers to "put you on the C. O. D. list" with the warehouse; but, inasmuch as no merchant loves "C. O. D.," the salesman is given another angle to retail the advantages of becoming regularly a customer.

After the first 500 have been tried out, the postal will be carefully reworded and another lot mailed. The manufacturer is of the opinion that "the warehouse approach," as he terms it, "is an unused way to sell goods and keep our accounts paid up."

At another manufacturer's desk was found a batch of proofs, from their advertising department, for 1931 sales promotion. Two of them bore on warehouse stocks, of which the company has more than forty with public storers and nine privately operated (in principal cities). The suggestion which most strongly appealed to the president—with whom I talked—bore the picture of a warehouse. The picture was about the size of a special delivery postage stamp and appeared in the left-hand corner of the announcement. The announcement was on cardboard, intended to be enclosed as a "stuffer" in out-going mail.

The wording of the suggestion was this:

This is a picture of The ..... Warehouse. It stands on ..... St.  
Every time you see it, you are looking upon the place where we keep a full stock of goods. Not for our benefit, but for yours. Your telephone brings what you need—big order or broken lot—or your truck can call for the goods.

Said the manufacturer, as he discussed several variations in the wording:

"We got the idea from the Bush ads. If they can make a New Yorker see a

building in his mind's eye, why can't we do it in every city?"

And, as a second choice from this as copy for the card, they were considering one which, also, pictured the warehouse. This one is to be sent to customers at outlying points from each city. It will tell them, if it is adopted, some such message as this:

This is the picture of The ..... Warehouse. It stands on ..... St., but only your clerks need to remember the address. Next time you come into Cleveland over the Big Four look to your left as the train passes [naming the local landmark]. There you look upon a full stock of our goods. Not for our benefit, but for yours [&c. &c.].

### Establish Contact!

THE warehouseman can easily plan messages of similar nature to fit his warehouse and to suit the needs of his accounts.

The finest form of new business is "more" from the old accounts. Any suggestion from the warehouse that shows the account how to sell more goods, how to tie the customer to the manufacturer, how to make more active use of the accredited list, means more goods through the warehouse.

Manufacturers have fertile minds when it comes to getting out publicity for their goods. They never lack ideas for descriptive circulars, diagrams, fanciful and "pretty girl" pictures for their advertisements, but they seldom think of the one thing uppermost in the customer's mind: "Where can I get the goods at least cost?"

Properly presented to them, therefore, some proposal to make frequent mention of the local warehouse stock ought to augment sale of the goods—and, very quickly, reward the warehouseman who makes the suggestion.

## Relation of Warehousing to Banking

(Concluded from page 12)

that the banks will be turning to you for information regarding your customers and regarding your relations with those who habitually require warehouse facilities.

Whether your particular type of warehousing takes you into the merchandise field or into the cold storage field, your fundamental problems are the same when it comes to your relation with banks. You may have problems of competition among yourselves if you function in identical territories, but there may always be healthy competition without unnecessary criticism. There must be a pull-together cooperation, realizing that any business succeeds best when all involved take the attitude that it is ultimately for their good that they consider themselves individual units of a great industrial undertaking that is making for America a better business reputation. If you regulate yourselves, within your organization, and present a plat-

form of management as well as ethics that is unmistakably for the public good, you will never be embarrassed by uncalled-for regulation from without. Contribute your share as custodian and safe deposit managers of staple commodities in a great national industry and thus aid in solving the problem which has been not only serious but costly to all producers, and which is so aptly labelled orderly marketing.

The opportunity in this respect alone for the warehouse business in the central or field warehousing of the great crops which must be protected pending the time when markets will demand their delivery, is growing in importance each year. Nineteen-thirty has given the best recent illustration of the need of such services.

In closing may I offer a word of advice.

Confine your activities to the business of warehousing in its several phases

and do not attempt to be both warehouseman and banker.

You are the experts in your chosen field and should prosper; but if you try to become banker as well, and, through a financing subsidiary, offer to carry the paper of your customers, you may find that you have weakened rather than strengthened your position. Be warehousemen and let bankers be bankers.

A continuation of your present commendable attitude, as an organization and through your individual membership, will not only command the respect of banking and business authorities but will encourage their cooperation because of the merit of your undertaking, and such contacts as you will develop, either nationally, through the Federal Reserve System or with the State banking organizations, will further establish your industry as a most important factor in American commerce.

# MOTOR FREIGHT

Reg. U. S. Patent Office

**F**OR the busy executive of a warehousing business who is keen to keep abreast of the times there are several important new things to think about in the field of motor freight. Developments are following one another at a rapid pace, and all have a distinct bearing on the cost and opportunities of handling the hauling requirements of any warehouse business, regardless of its size. There are many advancements being made on the manufacturers' side of the industry, and some of these will be discussed in this department, which is conducted

By Philip L. Sniffin

## THIS MONTH

### Check These Sources of Lost Dollars

**W**AREHOUSE owners can save many dollars that now are lost if they will give a thought to a few definite laws of truck maintenance which have been developed by engineers whose specialty it is to study motor truck use in various industries throughout the country. These rules are not difficult to follow. A number of them have been given in previous articles in *Distribution and Warehousing*. They have proved their value in actual experience many times and they represent what are today actually definite scientific principles by which the cost of motor truck operations can be reduced to the minimum.

Many truck owners, in their anxiety to keep costs down, are resorting to overloading vehicles, which is, actually, one of the first things that will make costs mount. The desire to reduce overhead seems to provide a constant temptation to overload. It is a natural tendency. The concern whose trucking requirements are on the increase finds it much easier at a time like the present, when cash working capital is scarce, to work the present vehicles harder, than to install new equipment to meet the additional demands.

Overloading does not pay. It never did and never will. Instead of showing net profit, hundreds of companies still

indulging in the practice only succeed in smearing their operating figures with red and naively wonder why. They persist in the idea that piling the largest possible load on a given truck per trip is economy. Even though the reverse has been proved time and time again, the practice strangely continues and the operator complacently struggles along, doling out dollars and worrying himself grey.

Only two persons can be responsible for the practice—the operator, or the salesman who has sold him the truck, or both.

When the operator is at fault it is because of a desire to keep down first cost, or through sheer ignorance as to the ultimate effects.

When the salesman fails it is because he is anxious to close the deal above everything else, because he has not the courage to gainsay unsound operator demands, or because he is not equipped to do a correct transportation selling job.

Obviously, to secure economical truck transportation, both the operator and salesman must carefully analyze the requirements of a given operation and then apply the equipment best adapted to meet these requirements.

**O**VERLOADING can frequently be avoided by properly distributing the load on the truck chassis. For example, a short wheelbase truck with its load carried entirely on the rear axle is improper distribution, as is the placing of the heavier part of the load next to the cab on a long wheelbase job. Proper distribution involves consideration of such factors as wheelbase, overhang, load space, and length and width of body.

Oversize tires and extra leaves in the rear springs are no answer for overloading. They only invite axle breakages, clutch trouble, transmission trouble, and, above all, engine trouble; for, no matter what the make of truck may be, these parts are designed to meet strains up to a certain point and, when carried beyond this point through overloading, something must go.

While we have heard owners bragging about how wonderfully their trucks were carrying two and three times their capacity without any trouble, we have found that this bragging was always done while the truck was new. We have also found that trucks subjected to such

"wonderful" tasks wind up in short life and in an expensive investment to the operator. Like the gambler who tells only of his winnings, little is said about losses through overloading.

In order to overcome the obstacle of initial cost, many today are pushing their trucks to serve as tractors for use in connection with semi-trailers or in large capacity service by the addition of an extra axle. They feel that by using a light 1½-ton truck, with either a semi-trailer or an extra axle attachment to carry three or four tons and sometimes as much as six tons, they can at the same time overcome the prospect's resistance to initial cost and furnish proper equipment.

It is, however, experience that any size truck when used in this way will, if grossly overloaded, prove a failure, resulting in loss to the operator.

While the argument is quite true that the rear axle of the truck may be as strong as the front axle of a heavier size truck, and that the solid axle of a semi-trailer may easily carry this overload, the point remains that a pony is being

used instead of a team of horses. The tractor will stand up under considerable overload only if a slow rate of speed is maintained and if operated over smooth roads, but we have never found a driver who will do this. Consequently the engine is speeded beyond its maximum ability, governors (if they are employed) are tampered with, and the lighter units all the way through rapidly go to pieces.

### Underloading

**W**HILE overloading is undoubtedly the main reason for high truck transportation costs, under-capacity operation can be just as costly.

There are many operations where heavy equipment is used when lighter and cheaper trucks would be far more economical. Instead of overloading a heavy size truck, many operators would profit by splitting the load over several light high-speed trucks where the deliveries are to be made in different parts of the city on the same day.

The operator who does this saves a great deal of time, furnishes a high class service, and increases business. These



advantages will pay for the extra drivers, and in many cases the investment of several lighter trucks would be no greater than one larger truck overloaded.

### Bonus Plans

**E**VERY truck owner who has studied his delivery problems will agree that better service and lower costs are largely in the hands of the drivers. One of the most important things, therefore, that truck owners are striving for is a plan for keeping the drivers interested in their trucks and loyal to the company's service. These usually take the form of a bonus plan, in which the drivers share with the owner in the economies or improvements that they make possible.

To illustrate a simple form of the bonus plan, suppose a driver through indifferent service were to shorten the life of a truck by two years. Hardly beyond question this would mean a loss of between \$1,000 and \$1,500 to the owner, depending on the type of truck. Many vehicles are being taken out of service every day which if properly maintained would have given two, three or even more years of service. And there is another item equally important—the cost of repairs, which might have been prevented if the driver had been more interested in the care of the truck. Even aside from repair costs, there are running charges, gasoline, and tires, which are affected similarly. The same is true of costs which result from accidents, violations of traffic regulations, etc., all of which are due to the driver's negligence.

So, remembering all of these costs which are influenced by the driver's interest or lack of interest, if the owner were to consider just his repair costs and aim to give the driver the benefit of anything he might save on this item, he certainly would not stand to lose, but rather would gain on this and other items too.

Consider a repair bill of \$100 or \$200. If a bonus plan were established, it might mean paying the driver a dollar or two extra per week, but it would be so based that it would be paid only when a corresponding saving showed in operation.

In this way the bonus not only pays for itself but has a far-reaching effect in obtaining the driver's interest and cooperation.

The owner who is experimenting with the bonus plan for the first time should make it as simple as possible. The writer has seen many failures caused by adopting the most simple kind of a bonus plan and then studying the effect of the plan to enlarge it before actually trying it to bring in other items which can be suggested only from individual experience.

The most simple plan would be to divide the savings with the man on a 50-50 basis. This is easy to do, and once established would give the owner an idea of the plan's possibilities. Thus, a standard would be fixed to represent an average yearly repair cost for a vehicle or

an average consumption of gasoline, oil or tires. At the end of a year, actual repairs or other costs would be computed. If the amount were under the estimated total, the driver would be entitled to a bonus consisting of one-half of the saving.

### Blackboards

**A** GOOD way to keep in touch with the movements of each truck is to place a good sized blackboard in the garage or main office. Any officer of the company can thus have spread before him at a glance the up-to-date status of every truck owned.

Rule the board permanently with white paint in the manner of a daily journal, with columns reading downward for the number and make of truck. Reading across, you will then have a square for each day of the month, and in these symbols may be placed.

Use a set of symbols such as these: R, repairs required; RA, repairs required because of accident; P, paint shop; OH, overhaul; Id, idle; and (x) in regular service. Take a photograph of this board at the end of each month, as a service record.

This plan provides a valuable check on the truck service. If a truck has been in the repair shop or paint shop or idle for a long period of time, the fact will be brought to the attention of the person responsible. The monthly photographs also aid in preparing service records of the different trucks in the interests of future economies.

### Driver Responsibility

**A**S a suggestion of a simple way to check repairs in their early stages, why not make every driver a "trouble-shooter" and hold him responsible for reporting irregularities? Print a simple little form slip about 3 x 5, entitled "Driver's Repair Recommendations." Print on this a list of the major truck parts.

Should any repairs be needed, or symptoms noticed, the driver merely checks off the ailment on the list. If nothing is needed, he checks in a space marked "O.K." and writes his signature. In any case, require the driver to fill out and hand in a slip at the end of the day's run as evidence that he has not forgotten or neglected the matter.

A simple and inexpensive way to obtain the driver's interest in his truck is to letter his name on a small removable panel which can be screwed into a place on the side of the truck cab. Many concerns have found that this has a good psychological effect on the men. They take a personal pride in keeping the trucks clean and in good running condition. Also it helps the driver by giving him a closer relationship in his contacts with the trade.

### Running Costs

**A** MONTHLY "barometer sheet" is a great help in reducing running costs. This is a typewritten sheet, re-

quiring very little time to make up, which is posted at the end of each month in the garage. The headings of columns, running across the top of the page, are: Truck Number; Driver; Mileage During Month; Gasoline Used; Average Miles per Gallon of Gas. The rest is simple. Take truck speedometer readings at the end of each month. Keep account of the amount of gasoline charged to each car. Divide the mileage by the gasoline, and you have the average for the last column.

This gives a good competitive spirit to the drivers and provides them with an incentive to see that the truck is in the proper running condition to use a minimum of fuel.

The plan may be extended to other items of expense, such as repair costs, tire costs, and accident costs, using the same principle and requiring a corresponding amount of detail.

### Inspection

**O**NCE a month is the interval generally agreed upon by motor truck authorities for careful inspection of the equipment. Whether there is any indication of trouble or not, every detail of the truck's mechanism should be gone over carefully by an expert, with the aid of a chart if necessary.

The chart which guides the mechanics in the rigid monthly inspection should have every item and part of the truck listed, and they should be arranged in logical sequence. It should commence with the bumper, hood, cover, starting crank, compression, pistons, and so on down the line to the license bracket and tail light, so that the inspector, beginning at the front end of the truck, can examine every part in order without retracting a step. This arrangement makes for speed in inspection without detracting from thoroughness.

Remember that it is not uncommon for the repair bills to be in direct ratio to the number of different people who drive the same truck. Much money can be saved by proper handling, and that is why the beginner and extra driver are apt to damage the engine and chassis within a short time. Driver "turnover" should be minimized as far as possible, and care should be taken not to let an inexperienced driver have charge of a machine.

### New Semi-Trailer

The Lapeer and Trailmobile companies, Cincinnati, announce introduction of a light-duty, semi-trailer, designated as the 3-5 ton Dispatch. This new unit is available in both automatic and manual types; namely, Lapeer Automatic and Trailmobile Manual. The automatic type has over-riding brakes, which control the speed of the trailer; wide surface rollers on the upper fifth wheel; complete cab control, and an improved support leg. The manual type incorporates a Trailmobile type coupler providing angular coupling and is equipped with parking brake lever located on the side near the front.

**A**CCORDING to the Frisco Railroad in the present case, the Commission has classified the regulated express companies as "motor" (23400). The Commission has been of the opinion that "the free of H. C. Truck I State and compulsory to and pro the pub and lif open to Tom the Mo and pr tributin trucks ordinat steam a out the portati steam coverin which a motor ume, a form of deliver H. I state compa mately the fa pany's deman charge roads activi panies Flynn tracte freight wareh tion, at cor out th the s classifi tariff overn point J. shim firm' 200 cago, with ulati

### Further I. C. C. Hearings in Truck Regulation Inquiry

ACCORDING to James E. Hutchinson, assistant to the president of the Frisco Railroad, the highways were built in the public interest, and all trucks, except those of farmers delivering their own goods in their own vehicles, should be classed as common carriers and so regulated. This opinion Mr. Hutchinson expressed at the Chicago hearing—held Jan. 5-8—in the Interstate Commerce Commission's investigation of railroad-motor vehicle coordination (Docket 23400). Earlier hearings in this inquiry have been summarized in recent issues of *Distribution and Warehousing*.

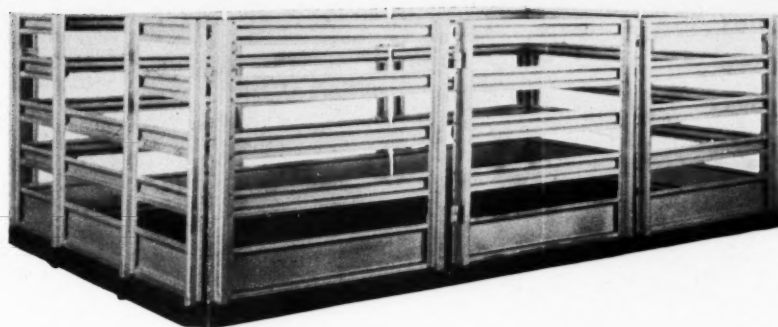
As at the New York hearing, railroad witnesses testifying at the Chicago sessions did not supply facts when asked to explain their oft-repeated statement that "trucks and buses use highways free of charge."

H. C. Kelting, president of the Central Truck Depot, Louisville, said he favored State and Federal regulation confined to compulsory proof of financial responsibility to shipper for loss of shipments, and proof of financial responsibility to the public for any damage to property and life, leaving schedules and rates open to competition.

Tom Snyder, chairman of the board of the Motor Truck Association of Indiana and president of the Warehouse Distributing Corp., asserted that motor trucks constructively applied became coordinated feeders and distributors for steam and electric railways. He pointed out that there was a tremendous transportation and distribution system of steam rail and motor truck coordination covering all of Indiana, the benefits of which accrued to the railroads and to the motor trucks in form of increased volume, and to shipper and consignee in form of economy and time and cost of delivery.

H. H. Hiland, president of the Interstate Trucking Co., testified as to his company's truck operation of approximately 2,000 highway miles daily, citing the fact that the growth of the company's business resulted from shippers demanding they extend their lines. He charged L. C. L. freight losses to railroads within the past two years to the activity of freight forwarding companies. He explained to Examiner Flynn that the forwarding concerns contracted with truck operators to collect freight from shippers, deliver to the warehouses for sorting, ship to destination, and bring to store-door by trucks at commodity rates. Mr. Hiland pointed out that his company's truck rates were the same as rail rates for identical classification and submitted his published tariff as evidence. He said superior overnight service was the main "selling point" of his company's truck service.

J. L. Keeshim, president of the Kee-shim Motor Express Co., explained his firm's truck operations covering about 200 miles of territory surrounding Chicago, serving shippers and consignees with overnight service. He favored regulation of truck operations rates and



*This heavy-duty steel stake body for motor trucks has been placed in production by the Transportation Products Company, Inc., Canton, Ohio. The channel frame is of welded steel and stakes and slats are of pressed steel, with stake sections welded into one piece. Floor is of hardwood, fastened with screws. Sills are adjustable so that body fits any vehicle. The body comes in four standard widths, nine lengths and six heights. They are available also in aluminum.*

other features which would tend to eliminate unfair competition between motor freight carriers as well as between them and railroads.

Some of the rail officers testifying cited savings from bus and truck operations. Others asserted that the two forms of transportation could not be coordinated.

#### At St. Paul

REPRESENTATIVES of trucking interests presented no testimony at the St. Paul hearing, Jan. 12-13. Witnesses included nine railroad officers, a representative of livestock interests, a railroad commission statistician and a traffic bureau manager, all of them being cross-examined by counsel for the Omaha Railroad. Fred W. Matson, of the Minnesota Railroad and Warehouse Commission, and Ben C. Larkin, chairman of the North Dakota Board of Railroad Commissioners, sat with Examiner Flynn through part of the hearing.

Carl R. Gray, Jr., vice-president and general manager of the Omaha Railroad, told of the development and acquisition by his road of the Wilson Transportation Co., Sioux Falls, So. Dak., with which is identified the Wilson Storage & Transfer Co. of that city. Mr. Gray asserted that the rail distance from Sioux Falls to Brookings was 180 miles, as against 58 miles by truck; that a truck could depart from Sioux Falls at 11 A. M. and deliver in Brookings at 2 P. M. the same day, whereas by rail no delivery could be made in Brookings until the second morning; that the development of the truck business had created new sales areas for the jobbers and distributors of Sioux Falls and that the revenue was received in hauling freight for which the railroads could not successfully compete. With the advent of good roads, he said, truck transportation could be rendered to inland and side towns off the railroad lines, at less expense than construction of branch lines.

"It is therefore my belief," he said, "that trucks have a place in the transportation system serving the people of the United States, but that such service is corollary to railroad service; or a substitute for railroad service if the rail-

roads are allowed to reduce their more expensive operation by less expensive means of transportation."

Under examination by Mr. Flynn, Mr. Gray stated that the freight movement into Sioux Falls increased ten million pounds in 1930 as a result of new markets opened up through the Wilson Transportation Co. Asked if the Wilson company gave any service except that from its own terminal, Mr. Gray said it operated a long haul service in conjunction with other truck lines.

H. R. Carl, assistant general freight agent of the Great Northern, said that in ascertaining from shippers why they had changed from rail to trucks, most of the shippers admitted that the chief factor was the time-saving because of truck service. Shippers, he said, also admitted that the pick-up and delivery feature of truck transportation was attractive. Mr. Carl said where his company had improved its freight service to meet truck competition, it was able to compete successfully with regulated Class A truck lines but was unable to compete with unregulated "bootleg" truckers.

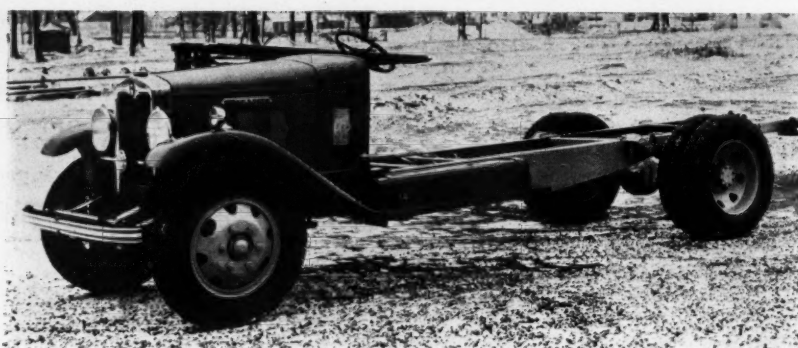
The witness testified that the Great Northern was giving consideration to the installation of a pick-up and delivery service in connection with its freight business. He claimed that the recent gains of the company in rail service were taken from the Class A truck lines but that the railroad could not touch the contract truck in making a rate.

L. E. Luth, manager of the traffic bureau of the Winona Association of Commerce, submitted a summary of a questionnaire sent to members and said the reasons the business men of Winona used truck transportation were (1) because of the pick-up and delivery service and (2) because of speed. Rates in themselves, as established by truck operators in competition with railroad rates, meant nothing, he declared, as a determining factor in getting business.

#### At Seattle and Portland

TESTIFYING at the Seattle hearing, Jan. 19, Albert E. Beard, president of the Portland-Seattle Motor Freight Co. and first vice-president of the Washington Motor Freight Association, told





The Gramm "History Maker"—a new 2-ton with either 4-cylinder or 6-cylinder engine option in two wheelbases

how his company cut the Portland-Seattle rate to 25 cents per 100 for the 200-mile haul after the railroads had established a 30-cent rate to counteract the 45-cent rate maintained by the trucks. He went to 25 cents, he said, to keep his sixty employees "from being thrown into the street."

On cross-examination by Examiner A. E. Stephan of the Commission, and O. G. Edwards, attorney for the Union Pacific, representing the rail lines, Mr. Beard approved some coordination between rail lines and motor freight companies, but did not see where a joint rail and motor freight rate could be used in his territory except in pick-up and store door delivery service. He added:

"However, something should be done. The railroads are running hog wild as it is, and the public is getting just a temporary benefit. We would be willing to give pick-up and delivery service, but we are not willing to abandon interstate truck service."

R. H. Culbertson, Tacoma, secretary-manager of the Washington Motor Freight Association, quoted figures to show that, when all returns are in for 1930, a noticeable reduction in tonnage will be shown. Certified carriers operating 520 trucks and 103 trailers in Washington in 1929 paid taxes of \$203,414.95. He stressed the point that motor vehicle carriers pay one per cent of their gross revenues to the department of public works, while other utilities, including certified ferry operators and rail lines, pay one-tenth of one per cent of gross revenue.

The battle between common carrier and contract trucks was brought out under cross-examination of several witnesses. Mr. Culbertson said common carriers filed tariffs, while contract carriers did not, and that the latter had lower rates. The functions of his organization are the publishing of tariffs, rules and regulations, schedules and classifications covering all freight movements by certified operators.

J. L. Bracklin, manager of the Seattle Auto Freight Depot, charged the contract carriers with acting as common carriers, contrary to the laws of the State. He said, on this account, common carriers had asked the cooperation of the railroads, facing much the same

problem, in seeking the enforcement of laws. He advocated Federal regulation of the movement of freight by motor vehicle on a basis comparable with rail regulation.

At the Portland hearing, Jan. 22, W. A. Curtin, secretary-manager of the Portland Traffic & Transportation Association, told of the heated competition between his truck lines and new truck and rail combination service. He said the common carrier motor transportation service was fast improving and becoming more efficient. It had passed the experimental stage in the northwest, he added.

"We want active, healthy competition between the modes of transportation but we do not believe in cut-throat rate wars which do no one any good," he said. "We believe that the Interstate Commerce Commission should be given regulatory powers over commercial highway transportation."

He asked that certificates of public convenience be required of truck lines in Oregon.

W. Lee James, manager of the Consolidated Truck Lines, which operates more than 150 pieces of equipment and has an investment of \$415,912, said that issuance of certificates of convenience and necessity would be beneficial in the company's interstate business. He maintained his truck lines gave far better service to the public than the railroads' pick-up and store door delivery arrangement in hauls of 200 miles or more.

Charles J. Shelton, secretary-manager of the Oregon Motor Freight Association, declared the truck offered a service the railroad could not give but that the cost of doing business was heavy in truck lines, which, he declared, paid 19 per cent of all motor vehicle taxes in the State. He advocated interstate regulation of interstate trucking companies. He scored "fly-by-night" operators for "horning in" on territory already adequately served.

#### At San Francisco

**R**AILROAD witnesses were in the preponderance at the San Francisco hearing, Jan. 27-28.

"Whatever burdens may come to the railroads through public regulation, the carriers on the highways should be subject to live burdens," declared Paul

Shoup, president of the Southern Pacific Railroad.

The operations of the Pacific Motor Transport Co., a Southern Pacific subsidiary, were described by W. A. Worthington, vice-president of the railroad, who after explaining that the transport organization was used for hauling to and from the railroad's freight terminals, declared that "railroads and franchise carriers can meet on common ground in the demand that non-regulated highway transportation by means of contracts be confined to the narrowest permissible limit."

#### At Los Angeles

**F**IVE representatives of railroads and four of motor vehicle interests testified at the Los Angeles hearing, Feb. 2. The motor witnesses favored regulation of interstate as well as intrastate operations of common carrier trucks, and three of them condemned the practice of truck dealers in selling equipment to "irresponsible" operators for small down payments and on long term contracts.

David Shearer, secretary of the California Motor Freight Association, declared certificated carriers were suffering from unregulated competition.

H. P. Merry, general manager of the Southern California Freight Lines, Ltd., believed the public would be benefited if the railroads contracted their local hauls to certificated operators.

D. A. Munger, traffic manager of the San Joaquin & Eastern Railway Co., said his company had substituted motor service for freight and passenger movements to supplement and replace non-paying rail service and that these motor operations had been unprofitable.

Berne Levy, assistant general freight agent of the Atchison, Topeka & Santa Fe, testified that truck competition was due to changed methods in merchandising, particularly hand-to-mouth buying by retailers, and said his road had reduced rates to meet truck competition. Under cross-examination by Examiner Flynn he said packing requirements were a determining factor in rail versus truck.

#### Recent Models

**A**TTERBURY MOTOR CAR CO., Buffalo: A new and improved line of sixes has been introduced. Six models, ranging from 2 to 5 tons capacity, possessing attractive appearance created by long hood and cowl design, use of bright wear on radiator shell and headlights and coupe-type cab. Six-cylinder engines, multi-speed transmission, 4-wheel hydraulic brakes and worm and bevel drive rear axles are embodied in all models. The line consists of a 2-tonner, designated as Model 45; 2½-ton, Model 50; two 3-tonners, Models 60 and 65; 3½-ton, Model 70, and 5-ton Model 100.

Federal Motor Truck Co., Detroit: Use of hydraulic brakes on all six wheels as standard equipment is a feature of a new double-duty truck which provides a 3-ton capacity at cost and operating expense of a 1½-ton vehicle. This chassis



is produced with a 4-cylinder engine, L-head type, in wheelbase lengths of 140½ inches priced at \$1,050 and 164¼ inches priced at \$1,120; or a 6-cylinder engine, also L-head type, in wheelbase lengths of 144¼ inches priced at \$1,307 and 168¾ inches priced at \$1,392. Chassis features include 4-speed selective sliding gear transmission; heavy 6-inch pressed steel channel type frame; and full-floating forward rear axle. Tires are 6.00/20 front, and 32x6 rear. The unit is designated Model DSW.

Gramm Motors, Inc., Delphos, Ohio: The "History Maker" is a newcomer which is a 2-tonner carrying a straight rating of 12,000 pounds and furnished with a 4-cylinder or 6-cylinder engine; option in two wheelbases. Equipped with a four in the 131-inch wheelbase, the list of \$1,095 and with a six is \$1,295; in the 157-inch wheelbase the price is \$1,145 for the four and \$1,345 for the six. All have L-head Continental engines mounted in unit with a Jones single-plate clutch and a 4-speed Warner gear transmission. Tires 6.50/20 balloon front and dual rear; oversize tires for front and rear are supplied by factory at lowest possible cost. Firestone standard, with other standard makes available.

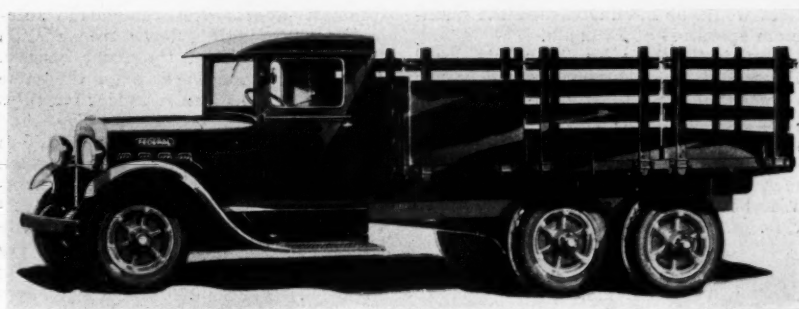
Reo Motor Car Co., Lansing, Mich.: Chassis improvements, attractive exterior embellishments achieved through use of chromium-plating and a wide range of color combinations and provisions for increased driver comfort characterize Reo new and improved lines of speedwagons and trucks. The super-tonner, in both the 129-inch and 135-inch wheelbase sizes, is now furnished with a Clark 4-speed transmission and a heavier semi-floating spiral bevel rear axle accommodating dual wheels equipped with 32x6-inch tires and providing greater braking area, 289 inches. Marked changes in the outward appearance of the 2-ton and 3-ton chassis are the features of the improved heavier models.

### Motor Freight Survey Now Being Conducted by Government Bureaus

DISTRIBUTION AND WAREHOUSING'S  
Washington Bureau,  
1163 National Press Building.

COMPREHENSIVE and inclusive information on the growth of commercial traffic over the nation's highway system—the first survey of this sort to be made—is being sought by the U. S. Bureau of Public Roads and the Bureau of Foreign and Domestic Commerce of the Department of Commerce. The survey will deal especially with motor freight traffic.

Inasmuch as Congress not yet has disposed of the proposal to regulate motor bus traffic, the announcement of the survey has aroused interest here. It is pointed out that in both House and Senate there is considerable sentiment favorable to the inclusion of motor trucks in the pending legislation for the



New Federal 2½-3-ton double-duty 6-wheel chassis with standard cab and stake body

regulation of the motor-driven common carrier vehicles.

Thus far, those who hold that most motor trucking in interstate commerce is done under contract, rather than by common carriers, have been able to prevent inclusion of the motor truck in the regulatory legislation.

The survey now undertaken is likely to develop important information on how extensive is the interstate commerce business by motor vehicles handling freight. If the data is available by next December it may influence future regulation by Federal law.

In announcing the survey the Bureau of Public Roads and the Bureau of Foreign and Domestic Commerce joined in a statement from which the following is quoted:

"Rapid extension of improved highways, growth of commercial traffic over the highway system and problems arising in connection with the effectiveness of highway transport in the distribution system are stated as the reasons for the study of highway transportation.

"The basis of the study will be a field survey of motor freight traffic. Information will be sought first as to the operative and physical features of motor freight transport, and secondly as to the magnitude of motor trucking solely as an industry. The survey will include the entire United States.

"It is expected that the economic data obtained from the survey will be sufficiently representative of the motor freight trucking industry in the United States to form the basis for a publication on the subject by the Bureau of Foreign and Domestic Commerce. The technical data obtained will be used by the Bureau of Public Roads in formulating plans for further development of adequate and efficient highways for the public safety and convenience.

"Representatives of the Bureau of Public Roads and the Bureau of Foreign and Domestic Commerce are now in the field to interview representative motor freight operators with whom contact has been established for this purpose."

—Horace H. Herr.

### Georgia Motor Act Attacked

THE constitutionality of Georgia's motor carrier Act was attacked in the United States Court in Louisiana when late in January two motor freight lines, the Johnson Lines of Tennessee and the Alabama-Georgia Freight Lines of Alabama, sought a preliminary injunction to restrain the Georgia Public Service Commission from interfering with the interstate operations of the plaintiffs, both of which run their trucks over a 23-mile stretch of Georgia highway.

After arguments by attorneys for the Georgia commission and other State departments and by counsel for the plaintiffs, the case was taken under advisement by Circuit Judge Foster, United States Judge Sibley of Atlanta and United States Judge Borah.

Neither of the complaining lines makes any stops in Georgia in their interstate haulings, the plaintiffs contended. They stated they had complied with the Georgia law requiring State licenses for all of their motor trucks, but that they had refused to pay the special insurance and mileage premiums required by a recent Georgia law.

The petition asked the Court to restrain the Georgia commission from interfering with the plaintiffs' trucks. Highway police in Georgia were arresting and detaining drivers of trucks on which the special taxes had not been paid, the Court was informed.

### Truck Regulation Sought in Texas

AT the direction of the legislative committee of the Texas branch of the American Automobile Association a bill has been drawn for introduction in the Texas Legislature to provide for regulation of motor truck traffic on the State's highways.

The bill provides that all truck operators shall carry \$2,000 insurance for property damage; personal liability insurance of \$10,000 for one person and \$25,000 for two or more persons. The entire length of truck and trailer or semi-trailer shall be not more than 65 ft., width not more than 96 in. and height not more than 12 ft. The use of solid

### 1931 America Forward March

tires would be eliminated and the maximum speed set at 25 m.p.h.

Meanwhile there has been introduced House Bill No. 166, which would permit commercial trucks of other States to enter Texas for two trips during any calendar month and to remain for two days on each trip. This reciprocity measure has the backing of the Texas Warehouse & Transfermen's Association.

### Motor Freight Division Is Organized by Road Builders' Association

A MOTOR Freight Division of the American Road Builders' Association was formed at the annual convention and road show at St. Louis in January, with J. X. Galvin, president of Pennoyer Merchants' Dispatch, Chicago, presiding.

A motor truck was described in an address by Sterling G. McNees, Harrisburg, Pa., as "a thing which runs up and down the road loaded with more convenience per square inch than any other transportation vehicle in existence. It is an absolute necessity in building our highways, erecting our skyscrapers, bringing the crops to market and delivering freight to and from the railroads and waterways of this country."

Mr. McNees discussed contract haulers and common carriers and their differences. He said the certificated carrier must bear in mind that high rates lost the rails business and must do nothing which would make the public believe he was following the example of the railroads in this respect. The speaker urged that there should be a more explicit and comprehensive definition of a common carrier.

T. R. Dahl, secretary of The White Co., urged "Equitable Truck Taxation," and Norman Halliday, vice-president of Mack Trucks, spoke on "Economic Merchandise Distribution by Truck," tracing the development of that business.

Lewis A. Monroe, Los Angeles, told what the California freight movers had done in establishing tariffs, and told of the possibilities of a universal tariff.

"Economics, or Trucking and Trucking Costs," was discussed by L. A. Graham, vice-president of the Relay Motors Co.

### Invents Dual Motor Truck

A NEW type of motor truck has been invented in Germany by Anton Flettner, inventor of the motor ship, according to a Berlin dispatch cabled to the New York Times. The story says:

"The truck, constructed at the Krupp Works in Essen, consists of two independent chassis coupled together. The front chassis carries the motor and driver, and the second carries the freight or passengers. The second chassis is fitted with eight wheels, of which the two

foremost pairs are controlled automatically through a lever transmission from the wheels of the front chassis. This transmission works after the same principle as the Flettner rudder for ships and airplanes.

"The advantage of the new truck lies in the greater economy of power and the safety factor, since the truck is automatically forced into its original direction by a new steering system if a tire bursts or the car skids on a slippery road. Consequently the truck is able to take sharper turns and to run at a speed of about fifty-five miles an hour."

### Georgia Ruling

The Georgia Supreme Court has handed down a decision stating that the State's motor vehicle act of 1929 is applicable only to common carriers and denying the Public Service Commission the authority to regulate either transfer or dray companies.

The case reached the Supreme Court on appeal by R. L. McIntyre and fourteen other draymen, all of Atlanta, who had been refused an injunction by Judge Moore of the Fulton Superior Court.

"The Legislature," the Supreme Court now states, in part, "cannot convert a private carrier into a common carrier . . . and the mere fact that a carrier invites all persons to employ him does not render him a common carrier if he reserves the right to refuse their offer."

### Plaintiffs Win Tail Light Case

A New Jersey Supreme Court jury's verdict based on allegation that a motor truck lacked a tail light is of significance to warehouse operators.

At New Brunswick, N. J., on Jan. 26, the jury awarded two claims, one of \$75,000 for death and one of \$800 for injuries, in a suit brought against the operators of a truck. A young lawyer had been killed and his companion hurt in a collision between their automobile and the truck. The complaint contended that the truck was without a tail light.

### Motor Freight Merger

Seventeen motor freight lines service southern California have been merged into the Southern California Freight Lines, Ltd., with resources of \$1,000,000. It plans to operate on 1000 miles of highway with 200 trucks and trailers. Terminals have been established at Los Angeles, San Diego, Riverside, San Bernardino and other points. R. E. McConnell is president and H. P. Merry is general manager.

### Stanley Abroad

Edgar S. Stanley, president of the Star Truck & Warehouse Co., Los Angeles, is on a tour of the world and expects to return to Los Angeles late in March.

## DIVERSIFICATION STABILIZES EMPLOYMENT

By JOHN H. VAN DEVENTER

Progressive industrial leaders hope that our experience during the past eighteen months will help us to avoid another major depression in the future. Boiled down to the bones the consensus of expert opinion may be expressed in a sentence. It is that the way to avoid falling into the deep valleys in business is to refrain from climbing the steep peaks. This sounds like good common sense, but it's not easy to

persuade people to keep from overspeeding when the road ahead looks good. More product diversification in our individual industries and our industrial communities will aid employment stabilization. But scientific planning and not haphazard growth is needed to bring this about.

A study of individual industrial plants shows that the highly specialized concerns or "single product" plants were not able to maintain their employment levels as well during 1930 as concerns which made a variety of products appealing to different classes of consumers. The latter were able to keep more men at work more hours per week than the former. No doubt, in boom times the specialized plant makes the greater profit, but seasonal profits do not compensate society for the ills of fluctuating employment.

The same thing applies to our industrial communities. We have quite a number of manufacturing cities, such as Detroit, where a single product predominates among the industries. Such communities make rapid strides when that industry is doing well, but it is in such specialized industrial communities that the greatest degree of unemployment occurs during a slump.

Industries and industrial concerns are migrating in a way that they never did before. The network of electric power transmission lines which have spread all over the map, and the motor truck have combined to give great flexibility to plant location. Many concerns are considering the pros and cons of new plant sites. It would be well for chambers of commerce and others who foster new industrial developments and plant movements to keep in mind the value of diversification. That is one very practical step toward stabilization.

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### Illness Kept A. V. Mason from A.W.A. Convention

A. V. Mason, president of the Terminal Warehouse Co., Milwaukee, and chairman of the laws and legislation committee of the cold storage division of the American Warehousemen's Association, was ordered to a hospital at Pittsburgh while en route from Milwaukee to attend the Atlantic City convention of the A. W. A. in January. Physicians found a pronounced congestion of his left lung and that he was threatened with pneumonia.

Mr. Mason accordingly was unable to attend the convention. On recovery from his illness he returned to Milwaukee and resumed his warehousing activities.

1931  
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# WITH THE ASSOCIATIONS

HERE is presented in tabloid form the Association news that is of *general interest* to the industry as a whole. No effort is made to publish complete reports of all Association meetings; the dissemination of such information is logically the work of the officers and the committee chairmen. What is presented here is in effect a cross-section review of the major activities so that Association members may be kept advised as to what "the other fellow" elsewhere in the country is thinking and doing. When annual or semi-annual meetings are held, more extended reports will occasionally be published.

## Pennsylvania F. W. A. Opposes Federal and State Regulation of Motor Trucks

THE fourteenth annual meeting of the Pennsylvania Furniture Warehousemen's Association, held on Feb. 10, at the Lorraine Hotel, Philadelphia, brought out sharply that the association, in its reorganized form, has drawn the members closer together, with corresponding benefits. Resolutions offered by Buell G. Miller, chairman of the laws and legislative committee, were adopted, placing the association on record as being opposed to uniform State and Federal regulation of motor vehicles and recommending to the National Furniture Warehousemen's Association that its presentation at the Washington hearing of the Interstate Commerce Commission's investigation, to start on March 4, be confined to a statement of member operations and that all parts of such presentation which indicate that the National association favors regulation, and all parts which make any direct or indirect proposal in connection with Federal regulation, be stricken out.

The election of officers and directors of the association and members of the arbitration committee resulted as follows:

President, Walter E. Sweeting, president, Atlas Storage Warehouse Co., Philadelphia, re-elected.

Vice-presidents: Non-Chapter Group, E. W. Irwin, president, Erie Storage & Carting Co., Erie; Philadelphia Chapter, Buell G. Miller, president, Miller North Broad Storage Co.; and Pittsburgh Chapter, James F. Keenan, president, Haugh & Keenan Storage & Transfer Co.

Secretary, J. Wallace Fager, Miller North Broad Storage Co., Philadelphia. Treasurer, Frederick L. Harner, treasurer, Fidelity-20th Century Storage Warehouses, Philadelphia.

Directors: Non-Chapter, E. E. Zeiter, Harrisburg; Truman H. Barker, secretary, Matheson Warehouse Co., Wilkes-Barre, and L. G. Howard, partner, Keystone Transfer Co., Uniontown. Philadelphia Chapter, Harvey J. Lutz, partner, Hildenbrand Bros., and J. J. Harty, Judson Freight Forwarding Co., Pitts-



Walter E. Sweeting, Philadelphia executive, again elected president of the Pennsylvania Furniture Warehousemen's Association

burgh Chapter, David V. Murdoch, partner, Murdoch Storage & Transfer Co.

Arbitration Committee: Non-Chapter, F. G. Lazarus, treasurer, F. G. Lazarus 20th Century Storage, Bethlehem; James F. Kromer, E. F. Kromer & Sons, Wayne, and T. N. Hostetter, president, Keystone Storage Co., Lancaster. Philadelphia Chapter, Samuel S. Johnston, president, Advance Storage Co., Inc., and J. L. Gillies. Pittsburgh Chapter, D. S. Shanahan, president, Shanahan Transfer & Storage Co.

Buell G. Miller, Philadelphia, in his report as chairman of the legislative committee, quoted from a letter, dated January 30, sent by Henry Riemers, Chicago, executive secretary of the N. F. W. A., to secretaries of affiliated associations, inclosing a copy of the proposal for presentation at the I. C. C. hearing and telling of the adoption of a resolution by the National, at San Antonio, not to indicate that the National favored regulation and not to make "any proposals in connection therewith at this time, it being advanced that we are not sufficiently posted on the subject." In Mr. Riemers' letter the reaction of the

various associations' members to the proposal was asked, in order that a representative proposition might be outlined.

"Despite the resolution referred to," Mr. Miller said, "I find that the proposal on which our association is asked to give its reaction is an out-and-out approval of Federal regulation. Because of an apparent disagreement between a resolution passed by the association in convention assembled and the proposal to be submitted to a Federal regulatory body by our National executive secretary, I would like to go into this subject of Federal regulation more fully than I had originally intended."

Mr. Miller then proceeded to cover the history of the regulatory movement, from the Ainey "Kill-the-Truck" bill of 1925, sponsored by the National Association of Public Utility Commissioners and the American Steam Railway Association, which measure, now dead, was directed at the operation of motor vehicles engaged in interstate and intrastate commerce, up to the present time, depicting vividly the arousing of truck owners and operators throughout the country to realization of the menace contained in the movement. He also cited what success has been made in combatting it at the earlier nation-wide investigation by the Interstate Commerce Commission into the use of trucks by, in connection with, or in competition with, rail carriers.

Continuing, Mr. Miller said in part, referring to I. C. C. hearings earlier and recently held:

"To date, these hearings have shown that, in their attitude toward the motor truck, railroads are divided into three classes: First—The railroads which recognize the economic advantages of highway transportation advocate its use and wish to participate in its growth and development. Second—Railroads which tolerate it. Some of these have gone into the business of operating highway vehicles with the hope of eliminating independent carriers. Third—Rail-



*Twelfth Annual Banquet of New Jersey F. W. A. at Newark on January 12*

roads which would strangle highway transportation.

"To those who scan the testimony taken at the hearings to date, the attitude of railroads, particularly the two latter classes is apparent.

"First—The divine right theory. Mr. Thom, general counsel of the Association of Railway Executives, is reported as saying at a meeting of the Atlantic States Advisory Board, held in Washington on Dec. 19:

"At one time it was considered that the railroads had a monopoly on transportation, but now they have to divide it with unregulated trucks, buses, etc. The only monopoly we have now is a monopoly on regulation."

"Second—Even though it may not be in the interests of the public, or shippers, trucks should be taxed, restricted, regulated, strangled, to a point where traffic is forced back on the rails. You may think I overstate. Copies of the complete testimony are not yet available."

### Theme-Song

Referring to the propaganda campaign, already mentioned, Mr. Miller said:

"Through this propaganda there runs the constant theme-song: Trucks ruin roads, trucks are dangerous, trucks run over free rights-of-way; equalize truck and railroad taxes; burden trucks with our regulation. Be it said for the railroads that slowly—and railroads are prone to move slowly—they are reducing man power; speeding up service; eliminating excess mileage; increasing efficiency of freight cars and locomotives; experimenting with new methods; considering rate reductions. With this

attitude, the rail carriers cannot help but regain some traffic from all classifications of trucks, buses and passenger cars. But the railroads cannot regain heavy freight, where time is no object, from the water lines; or that passenger traffic, where time is all-important, from the air lines. Nor can the railroads regain freight traffic won by trucks on the basis of service or economy to the public—and the public is always entitled to the best."

After citing outstanding advantages of truck transportation, Mr. Miller said that the I. C. C., being "steeped in railroad tradition," could scarcely be expected to protect railroads and trucks at the same time; he gave instances of truck regulation as it works in some States, and stressed the necessity for studying changing conditions. He continued:

"We are, as has often been said, primarily warehousemen. Many of us commenced business without hauling facilities, depending upon the corner man to piece out that part of a complete service which we did not at that time render. For our own and the customer's convenience and to meet public demand we were obliged to purchase and operate equipment—eliminate division of responsibility. We soon realized that our moving equipment had a real publicity, or advertising, value; we began to think of our equipment as 'moving billboards.' Further than that, we found that this moving department could be made a profitable one in its own right. If, in building up our long distance moving business, we have extended our operations beyond the range of economical motor truck hauling, it behooves us as a representative body of ware-

housemen to discuss this question and decide, on the basis of our own experience, what is the range of economical motor truck hauling.

"Our National association can do much to educate the public to the proper sphere of the motor truck's economic value and thus help the American people, aid the railroads and, incidentally, bolster up our lagging packing department revenues. In our anxiety to accomplish these ends we should not put our head in the noose by accepting, or putting our stamp of approval, either directly or indirectly, on, regulation that may prove unsatisfactory, restrictive and detrimental to our business."

Mr. Miller then moved the adoption of the regulations as already recorded.

Mr. Reimers said he favored Mr. Miller's resolutions, but that regulation might eventually be a cure for the situation. He added that in his letter he had been trying to feel out what was in the minds of the members with regard thereto and that he had succeeded in obtaining some good expressions of opinion on what should be presented at the forthcoming I. C. C. hearing.

—K. H. Lansing.

### Michigan Committee

B. C. Hubbard, Grand Rapids, president of the Michigan Furniture Warehousemen's Association, has appointed the 1931 legislative committee, comprising the organization's secretary, H. H. Hardy, Lansing, as chairman, and James D. Dunn of Detroit, Leon R. Blodgett of Grand Rapids, H. G. Beebe of Jackson and G. L. Walt of Lansing.

# Central Illinois Body Votes to Back A. W. A. in Rail Storage Fight

THE Central Warehousemen's Association of Illinois, at a meeting at the Broadview Hotel, East St. Louis, on Feb. 9 and 10, went on record as not approving in its present form the proposed uniform State regulation of motor vehicles by the State Railway and Public Utilities Commissioners. The members were not certain whether the bus and truck interests would be properly protected.

The association voted to hold its next meeting on June 15 and 16 at Rockford.

At the suggestion of Fred W. Bohl, Galesburg, it was decided to appoint a committee to investigate the possibilities of the benefits to the association and to proceed with the recommendations of such details as they may choose for the establishing of an inter-warehouse relationship which would point out worthwhile rules of practice.

"This association already is directly interested in each member's financial welfare," Mr. Bohl explained. "A loss sustained by any member that might exceed his legal liability and financial resources is apt to become something for each of us to be concerned about.

"My business is a little business, and I try to manage it in conformity to good business practice. I find myself brought in contact with business men both in and out of the warehouse industry. I am led to the conclusion that the respect and confidence shown me is in proportion to the understanding that I appear to have of my business. I hope that I have no doubts as to my ability to figure a compensatory rate for my services, but back of my conclusions there lurks the fear that the rate submitted is 'out of line' with competition. I am forced to say that I have more cause to fear the loss of a customer through the efforts of a competitor who does not know how to figure rates than through one who does.

"I am frank to confess that something is wrong with the industry when we are forced to accept remuneration for our services which have been dictated to us by our customers. I am safe in saying that all of us have submitted to the 'take it or leave it' policy laid down by dominant interests. Intelligence and experience seem to be of no particular value in many such cases.

"Truly, we have a lot to learn and far to go before we can protect ourselves as we properly should. Intelligence should point the way, and experience should be an item of investment on which we demand a profit, just as much so as we demand a profit from any other kind of equipment. Courage is the force that will carry us on, for there are few forces in this world that can withstand the man that has the courage of his own convictions."

The subject of Mr. Bohl's address was "The Altruistic Invertebrate," in which he applied philosophy to business. The topic was inspired by Chester B. Car-

ruth, Chicago, of the American Warehousemen's Association, who, somewhat of a philosopher himself, had suggested during a discussion of rates and price standards, at the previous meeting in Peoria, that "as long as warehousemen acted as altruistic invertebrates there is little use to discuss the subject." As Mr. Bohl pointed out, Mr. Carruth "has the right to speak as one having authority because he has years of experience behind him and close contact with business in general and the warehouse business in particular."

"Dignified business demands the maintenance of certain rules of practice," continued Mr. Bohl. "There is nothing indefinite in the manner in which these rules are laid down. They impose an obligation in our conduct that stiffens the backbone and enables us to go forth and battle for our share of the well-known daily bread. Or, if your wishbone is where your backbone ought to be, you should not be surprised if you wake up some blue Monday and find you have lost a lot of necessary things to keep you in business, among which might be your banker's confidence."

Clarence A. Ullman, Peoria, chairman of the lake and river ports committee, reported progress in the work of eliminating free storage along the rivers, and Mr. Carruth explained what the A. W. A. was doing to oppose railroad storage.

"The A. W. A. contends that the sole function of the railroads is to furnish transportation," Mr. Carruth continued. "However, if the Interstate Commerce Commission finds that the railroads have the right to engage in the storage business, we shall ask the Commission to fix the storage rates on a compensatory basis and not permit them to be absorbed into the line haul tariff."

Mr. Carruth said that if the railroads were permitted to go into the warehouse business it would be only a question of time before a majority of cities would be equipped with rail carrier warehouses.

"These rail carried warehouses," he declared, "because of their unique position, will be able to offer their services at prices which the old-line warehouses cannot meet, and will have the best of modern equipment. You are going to see a lot of old-line warehouses going out of business. Make a stubborn fight. The A. W. A. is making a determined fight to protect your interests."

Mr. Ullman declared that the situation as to free storage on the river or at seaport affected every warehouseman, no matter how far from the ports.

Following Mr. Carruth's talk the association went on record as standing by the A. W. A. morally, and financially if necessary, in its fight for the warehouse industry.

The time utilized in handling sugar, which had been brought up at the preceding meeting in Peoria, was discussed again, members reporting on the time required in the unloading and placing of five carloads in their warehouses.

One of the problems involved in the handling of small lots of sugar was

making reports, with its attendant clerical work and postage, cutting into the profits of storage, it was pointed out.

It was brought out in discussion that some manufacturers were asking warehouses to store and distribute their products on a basis of the percentage of sales, and that the plan was being tried out in some warehouses. In some cases the fee was 5 per cent of the gross sales, it was stated.

John W. Hamman, Decatur, made an inspirational talk on the need of leaders of the type of Lincoln in the storage industry.

"Cutting the Corners," a discussion of management of warehouses, by John G. Petritz, Rockford, was read, his paper covering a wide range of subjects of interest to warehousemen.

President E. L. Valentine turned one session over to the Allied Van Lines Round Table, at which Mr. Ullman presided. The attendance was augmented by a number of members of the Missouri Warehousemen's Association and the St. Louis Van Owners' Association. The A. V. L. members went on record approving the presentation, by Henry Riemers, Chicago, the general manager, of the stand of the furniture movers in regard to the coordination of truck and railroad lines, now being considered by the Interstate Commerce Commission.

Mr. Valentine presided at the association's banquet, the principal address being delivered by Mr. Carruth, who talked on ethics.

—Roy M. Edmonds

## Florida Association Files Household Goods Rates with Commission

THE Florida Warehouse & Transfer Association, through its secretary, Sidney A. Smith, Tampa, has filed with the State Railroad Commission the following rates covering the hauling of household goods by motor vans or trucks:

Capacity	Rate per Mile, Cents	Loading and Unloading Charge
Up to 400 cubic feet...	30	\$8.00
400 to 750 cubic feet...	45	15.00
750 to 1000 cubic feet...	60	20.00

The association last October voted to request the Commission to approve rates and rules, and, at the Commission's suggestion, holders of certificates for the handling of household goods met and discussed the proposed schedule at a meeting in Orlando on Jan. 13. This meeting was attended by warehousemen and others from Jacksonville, Tampa, Lakeland, Orlando, West Palm Beach, Miami and St. Petersburg, and it was voted to file the rates, the thought being that the action would serve to place the industry on a better business basis.

Members agreed to request the Commission to adopt as a rule "that all vans or trucks used for the transportation of household goods under Commission certificates be required to have shown in a conspicuous place the exact cubical contents of van or truck according to inside measurements."

### "ConnWA" Seeks Bill to Protect Storage Charges

A BILL designed to protect warehousemen against loss of storage charges in cases where goods stored under a conditional bill of sale are sold on a chattel mortgage is to be introduced at the current session of the Connecticut Legislature under the sponsorship of the Connecticut Warehousemen's association, according to W. R. Palmer, secretary.

As the Connecticut law now reads, if a warehouseman innocently receives goods on storage which have been sold under a conditional bill of sale and have been stored without the knowledge and consent of the vendor, the warehouseman cannot collect his charges either for cartage or storage. If goods have been sold under a chattel mortgage and the vendor has registered his chattel mortgage with the proper authorities, this also the warehouseman cannot collect charges for. If, however, goods have been sold under a chattel mortgage and the chattel mortgage has not been registered, the warehouseman can collect whatever charges have accrued against the goods.

The object of the bill is to make a warehouseman's charges against goods stored under any of the above conditions a superior lien.

"The warehousemen feel that this is a fair bill," according to Mr. Palmer, "as they have no means of knowing the conditions under which goods that are offered for storage have been sold, and it is also a benefit to the vendors of the goods in that goods that are placed in storage are not subject to the same wear and tear and damage that they would be if kept in use. So, in a way, the vendor is benefited by having the goods stored. This bill was introduced two years ago and was permitted to die in committee. We have hopes of having it passed this year. It will be presented by Senator John T. Walsh, of the 17th Senatorial District."

The bill reads:

"Subject to the provisions of Section 4540 of the General Statutes, a warehouseman shall have a superior lien on all goods deposited, or on the proceeds thereof in his hands, for all lawful charges for carting, labor, storage or any work or labor reasonably necessary for the preservation of said goods and furnished by the warehouseman, for money advanced, interest, insurance, transportation, labor, weighing, cooperating, notices and advertisement of sale of such goods."

"Such lien shall be valid as against such goods carted or stored whether the depositor be a sole owner, conditional vendee, mortgagor in possession or a holder by any special agreement."

"The lien of the warehouseman on such goods so deposited, or on the proceeds realized from the sale thereof in his hands, for all lawful charges for carting, labor, storage or any work or labor reasonably necessary for the preservation of said goods, and furnished by the warehouseman, for money advanced,

### Maryland and Capital Executives Foregather



THE first joint meeting of the Washington (D. C.) Warehousemen's Association and the Maryland Furniture Warehousemen's Association was held on Lincoln's Birthday at Ciro's in Washington. The gathering promises to be an annual affair, and the first attracted about fifty members and guests.

C. A. Aspinwall, president of the Washington local, presided and served as toastmaster. Speeches were made by C. J. Hamilton, Baltimore; Lawrence A. Naylor, Baltimore, as president of the Maryland association; William H. Schaefer, Stamford, president of the Connecticut Warehousemen's Association, and A. Bernard Heine, Baltimore.

It was announced that J. Norman Geipe, the V. Davidson Transfer & Storage Co. and the Broadway Storage Co., all of Baltimore, had been elected to membership in the Maryland F. W. A. Mr. Geipe, Joseph Davidson and H. E. Podlich, representing the three firms, were called on for brief remarks.

Meeting and dinner and an entertainment which followed were managed by Dwight K. Terry of the Washington association.

—P. J. O'Connor.

interest, insurance, transportation, labor, weighing, cooperating, notices and advertisement of sale of such goods, and expense of selling such goods, where default has been made in satisfying the warehouseman's lien, shall be a superior lien and claim as against such goods and all persons claiming an interest therein, and shall first be discharged before the warehouseman shall be required to surrender such goods.

"Section 4537 of the General Statutes is hereby repealed."

Another bill pending before the 1931 Legislature would increase the maximum load of six-wheeled trucks from 30,000 to 40,000 pounds. This measure is sponsored by the Motor Truck Association of Connecticut.

—Charles B. Barr.

### Brooklyn Committees

John D. White, president of the Furniture Warehousemen's Association of Brooklyn and Long Island, has appointed committees for 1931. The chairmen are:

M. Charles, advertising; Walter W. Weekes, the association's secretary, Allied Van Lines; C. N. Jenkins, arbitration and code of ethics; H. A. Strang, better business; H. A. Wastie, law and legislation; J. Nellis, uniform methods;

W. H. Whelen, transportation; S. Burke, entertainment; F. Deickman, membership; R. C. Reilly, publicity; A. M. Fleming, advisory; Walter W. Weekes, insurance; R. C. Knipe, Jr., cost accounting.

### P. J. Herbert Is New President of Ohio Haulers' Body

THE Ohio Association of Commercial Haulers held its eighth annual meeting on Feb. 10 at the Deshler-Wallick Hotel in Columbus. Highlights were a discussion of legislation by the organization's attorney, E. J. Shover, and a discussion, led by Ralph M. Lucas, of Columbus, of the proposed warehouse lien law. Officers and directors were elected as follows:

President, Paul J. Herbert, president William Herbert & Sons Co., Youngstown.

Vice-president, James G. Merrin, Columbus.

Secretary, Lloyd Riley, Columbus.

Treasurer, D. E. Edwards, president Edwards Transfer & Storage Co., Columbus.

Manager, Frank E. Kirby, Columbus. Directors, P. J. Alther, Dayton; J. H. Carew, manager Mansfield Transfer &

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Storage Co., Mansfield; W. E. Easton, Cleveland; E. H. Lee, secretary H. C. Lee & Sons Co., Toledo; Charles J. McDevitt, Cincinnati; J. W. Peoples, manager Merchants Transfer Co., Marion; Harry J. Seebon, owner Seebon Transfer & Storage, Fostoria; Glenn Ward, Columbus; David L. Britten, Cleveland; John Deppie, Wadsworth; R. B. Evans, Van Wert.

The association went on record opposing a State bill which would increase truck license fees approximately 20 per cent.

Regarding the lien measure, Mr. Lucas explained that it was ready for introduction in the Ohio Legislature and would, if enacted, give the warehouseman a prior lien on mortgaged merchandise in storage after notice given to the mortgagor that the goods were there, etc. At present the mortgage or conditional sale agreement has priority.

Frank C. Schmidt, Toledo, outlined the plan to have a separate bureau established within the Ohio Public Utilities Commission for better enforcement. A committee headed by Mr. Schmidt had conferred with Governor White and received considerable encouragement.

Major Thomas J. Herbert, special council of the State Public Utilities Commission, speaking at the evening banquet, urged the haulers to "sell themselves" to the public as one means of securing better enforcement of the utilities Act. He declared the public was still ignorant of what the certified hauler stood for. Guests at the banquet included prominent State officials and Edward F. Loomis of the National Automobile Chamber of Commerce.

Ray Wagner, Springfield, in his address of welcome as president, at the business session, reviewed the year's accomplishments, involving enforcement, driver courtesy, legislation, Court actions, tariffs, etc.

—J. W. Lehman.

### Johnston Heads Los Angeles W. A.

AT the annual meeting of the Los Angeles Warehousemen's Association, held on Feb. 11, B. F. Johnston, manager of the Jennings-Nibley Warehouse Co., was elected president, succeeding W. E. Fessenden, president of the California Warehouse Co.

Edgar S. Stanley, owner of the Star Truck & Warehouse Co., was chosen vice-president.

J. S. Miller, also identified with the Star organization, was elected secretary-treasurer, succeeding L. D. Owen, vice-president of Westland Warehouses, Inc.

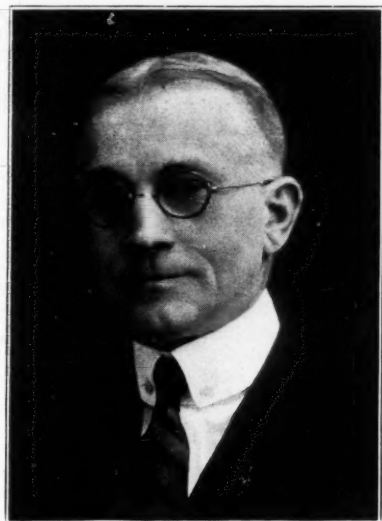
—S. A. Lewis.

### Johnson Honored

B. Frank Johnson, secretary of the Texas Warehouse & Transfermen's Association, was elected president of the Texas Trade Association Executives at the recent organization meeting, held in Houston.

### The Ohio W. A. Again Elects W. R. Kissick

A **MENDMENT** to the constitution and by-laws to make them more readily workable and to suit present day conditions was the principal accomplishment at the annual convention of the Ohio Warehousemen's Association, held at the Deshler-Wallick Hotel, Columbus, on Lincoln's Birthday. The organization was formed in 1919 as the Ohio Association of Warehousemen & Truckers, and subsequently the birth of the Ohio Association of Commercial Haulers detracted from the warehousemen's association's membership and led to adoption of



William R. Kissick, reelected president of Ohio Warehousemen's Association

the present name. Under the constitution as now revised the board is given additional authority.

The delegates elected as directors, for one year each, William H. Kutschbach, president of the Kutschbach-McNally Co., Columbus; W. R. Kissick, secretary of the Neal Storage Co., Cleveland, and Edward Wuichet, president of the Union Storage Co., Dayton; for two years each, George A. Wright, owner of the Paddock Transfer & Storage Co., Marion, and Alton H. Greeley, president of the General Storage Co., Cleveland; and, for three years each, W. J. Thompson, secretary of the General Fireproof Co., Toledo, and F. W. Berry, manager of the Baltimore & Ohio Warehouse Co., Cincinnati.

The board then reelected Mr. Kissick president of the association. Mr. Berry was chosen vice-president and Mr. Kutschbach treasurer. Under the revised constitution the president will appoint a secretary.

A "survey of driver training and safety work" is being carried on by the association, questionnaires having been distributed to all the members.

A proposal to join with the Association of Commercial Haulers in support-

ing enactment of the proposed State lien law was discussed. Considerable opposition developed among members, who expressed themselves satisfied with the present statute, and no action was taken.

An invitation from the haulers' organization to merge the two organizations was unanimously voted down after a recommendation opposing consolidation had been presented by a committee headed by W. E. Hague.

H. E. MacNiven, Chicago, field secretary of the National Furniture Warehousemen's Association, called attention to the probability that the National would, in 1932, discontinue holding summer meetings.

—J. W. Lehman.

### Pickard Reelected President of the Local in Toronto

THE Toronto Cartage and Warehousemen's Association held its annual meeting at the Royal York Hotel on Jan. 15 and elected officers as follows:

President, William Pickard, manager, W. J. Pickard, Ltd.

Vice-president, James Sercombe.

Secretary-treasurer, C. F. B. Tippet, president, Howell Warehouses, Ltd.

Executive committee, the three officers and J. H. Warren, vice-president, M. Rawlinson, Ltd.; P. G. Heyward, of P. G. Heyward, Ltd.; Charles McMillan, president, McMillan & Co., Ltd., Cartage & Storage; F. A. Magee, secretary, City Storage, Ltd., and George Edgar Pattison and Thomas Collins.

The address of the evening was by R. B. Morley, general manager of the Industrial Accident Prevention Association of Ontario, who, explaining the theory of workmen's compensation, offered to work with the association in rate-making.

Discussion brought out that a uniform contract for long distance moving had been presented to the Provincial Government and virtually approved and that use of it probably would be enforced throughout Ontario.

### Cooperation in Detroit

THE Detroit Retail Furniture Association will cooperate with the Detroit Van Owners' Association so that only members of the latter will be allowed to move furniture sold on contract by the retailers. This action by the furniture sellers is attributed to the fact that considerable damage has been done to household goods bought on contract by irresponsible movers using inadequate equipment.

At a recent meeting of the Detroit V. O. A. one member was expelled for improper practices. Affidavits showed that the firm used a single office with four telephones operated under four names, and changed names frequently after actions had led to court proceedings.

Mr. A. N. Morris, executive secretary,

was asked to prepare a roll showing the investment of each member in his business and the amount of taxation of all kinds paid by each. This was a preliminary move in a demand for general tax reduction in city, State and county, expected to be formulated by all branches of industry.

—Philip N. O'Hara.

### Illinois A. of M. W.

#### May Issue New Tariff

**C**OMPILATION and publication of a new rate guide, to replace the famous Tariff No. 9 issued by the Illinois Association of Merchandise Warehousemen in 1924 and its various supplements, will probably be the early work of the Illinois body's 1931 cost finding committee.

A. H. Millward, Chicago, is chairman of the committee and the other members are Elmer Erickson, new general president of the American Warehousemen's Association; G. F. Becker, W. W. Huggett, E. H. Hagel, V. M. Kolly, D. M. Macomber, W. G. Morgan, H. F. Partidge and H. W. Verrall, all of Chicago.

### Texans Plan a Southwest Association

(By Telegraph)

**A**Doption of a motion to invite warehouse and transfer companies in Oklahoma, Arkansas and Louisiana west of the Mississippi to join with the Texas Warehouse & Transfermen's Association and to change the name of the body to the Texas Southwest Warehouse & Transfermen's Association was a feature of the annual meeting of the Texas organization, at Houston on Feb. 20 and 21.

O. E. Latimer, secretary of the Scobey Fireproof Storage Co., San Antonio, was elected president, succeeding Roy Binyon, president of the Binyon-O'Keefe Fireproof Storage Co., Fort Worth.

R. B. Albaugh, president of the Texas Fireproof Storage Co., Waco, was chosen first vice-president, and R. E. Abernathy, Fort Worth, second vice-president.

B. Frank Johnson, Fort Worth, was reelected secretary-manager.

Close study was given to proposed legislation which would affect the industry and most of the discussion was about bills pending before the State Legislature. Committees were appointed to use such means as may be essential to combat or promote various bills.

A proposed measure which would clarify present truck operations was supported, but a bill which if passed would virtually eliminate trucks from the highways was vigorously opposed. A proposed warehouse bill, intended to benefit warehousemen, was given some discussion pro and con.

Leading papers read at the meeting included "Cost of Doing Business," by L. G. Riddell, Houston; and "Ethics in Business," which, by Col. P. A. Weather-

### Wanted:

**M**AN, 25 to 35 years of age, with sales and executive ability. Must have had experience in the storage and moving business and be a go-getter.

This is an excellent opportunity, for a young man who can qualify, to join a growing national organization.

Address Box B-554, care of **Distribution and Warehousing**, 249 West 39th Street, New York City.

red, will be printed in pamphlet form for distribution among the membership.

Cooperative advertising was recommended by Secretary Johnson in his report but no action was taken.

Discussion among Allied Van Line members brought out a proposal to reduce rates but action was deferred for twenty days; another meeting will then be held, in Dallas, to study rate construction.

Resolutions were passed on the deaths of Frank E. Scobey, San Antonio, and William Wiley, Galveston.

—B. C. Reber.

### Sours Elected Head of Rochester Body

**A**T the annual meeting of the Truckmen's & Warehousemen's Association of Rochester, N. Y., officers were elected as follows:

President, Harold A. Sours, proprietor Sours Carting & Storage Co.

Vice-president, George Hoffman.

Secretary, Charles J. Costitch, secretary B. G. Costitch & Sons, Inc.

Treasurer, Frank S. Gottry, president Sam Gottry Carting Co.

Sergeant-at-arms, George Batterson.

### St. Louis V. O. A. Elects Carroll

**T**HE St. Louis Van Owners recently elected officers for 1931. The new president is John M. Carroll, president of the Boehl Storage & Moving Co. W. Holstein of the Fair Express Co. W. chosen vice-president; Arthur J. Portmann, the retiring president, who is secretary of the F. H. Portmann Storage Co., is now treasurer; and William Lee, of the General Warehousing Co., was elected secretary.

—Roy M. Edmonds.

### Trade Associations Spend Millions on Varied Advertising

**E**XPENDITURE of millions of dollars annually by trade associations in an organized effort to expand the markets for the products of their in-

dustries is disclosed in a preliminary survey made by the Trade Association Department of the Chamber of Commerce of the United States.

The Chamber's department canvassed more than 1000 trade associations to determine the amount of money they expended for trade promotion purposes in 1930. Out of this number 400 associations reported that they had carried on trade promotion work last year at a cost of more than \$22,000,000.

The largest single item of this total amount was the sum of \$6,653,351 for advertising in newspapers, magazines, direct mail, radio, etc. The survey indicates the growing popularity of cooperative advertising as carried on by trade associations. Other specific items listed in the total expenditures are:

Technical research, \$1,199,731; market research, \$306,360; publicity, \$763,728; field service, \$1,700,860; systematized education, \$44,862.

Thirty-seven organizations reported total expenditures, only without specifying the manner in which the money was spent in trade promotion activities. The entire amount spent by these thirty-seven organizations amounted to \$11,054,155.

### Abernethy Now Heads Pittsburgh Terminal

C. N. Abernethy has been elected president of the Pittsburgh Terminal Warehouse & Transfer Co. He succeeded James I. Buchanan, who died on Jan. 2.

At a recent meeting of the stockholders the by-laws were changed to provide for seven instead of five directors, and the seven elected are Mr. Abernethy, James A. Henderson, George M. Laughlin, Jr., William H. Robinson, Harry W. Dunlap, Jr., A. C. Robinson and L. H. Gethoefer.

The directors then elected officers—Mr. Abernethy, president; James A. Henderson, vice-president and treasurer; Joseph E. Salisbury, secretary and general superintendent, and Harry W. Mertens, assistant secretary and assistant treasurer.

### Douglas Expansion

The Douglas Shipline Storage Corporation, New Orleans, has filed a charter scheduling capital stock as \$1,000. The officers are W. H. Douglas, president; George B. Dermody, secretary, and Jay Weil, treasurer.

Mr. Douglas is president, Mr. Dermody is treasurer and Mr. Weil is vice president of the Douglas Public Service Corp., Inc.

### Milligan Honored

Ernest H. Milligan, vice-president of Lee Bros., Inc., New York City, has been elected president of the Harlem Board of Commerce.

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**Security, Washington,  
Earned \$131,570 Net  
in 1930 Calendar Year**

THE twenty-fifth annual report of the Security Storage Co., Washington, D. C., shows that the net earnings for 1930 amounted to \$131,570.17. Dividends paid to the 207 stockholders totaled \$120,000.

The net profits "during this year of lessened business," according to the report of C. A. Aspinwall, president, to the stockholders, exceeded in 1930 those of any other year except 1929. Assets of Dec. 31, 1930, amounted to \$1,241,369.70, as compared with \$1,257,685.28 on the corresponding date in 1929.

Starting with January 1, 1931, a pension plan for all the company's employees was put in force. Hitherto group life insurance and opportunity for stock ownership had been provided, and "these with the pension plan now adopted," Mr. Aspinwall informed the stockholders, "now give the employees of your company a feeling of security that is reflected in their loyalty and efficiency."

Mr. Aspinwall said further in his report:

"The scope of the company's activities has been considerably enlarged by its 'lift' van service by means of the company's own steel 'lift' vans, which are now scattered well over the surface of the globe, and by means of its motor van service through the Allied Van Lines covering the eastern part of the United States."

**National Chamber Will  
Consider the Business  
Depression and Results**

FACING what is in some respects "the most formidable task that has confronted it since its organization," the Chamber of Commerce of the United States announced at Washington in February that it would take up at its annual meeting, at Atlantic City, N. J., on April 28 to May 1, "the larger questions projected by the widespread business depression and the train of economic events leading up to it."

The character of the Chamber's approach is indicated in the general theme of the assembly—"Business Leadership and the Public." Consideration will be given the problems following in the wake of the recession—unemployment, lagging consumption, industrial lethargy—"not in the light of the immediate emergency," it is explained, "but in the longer prospective of cause and effect." These will be taken up from the business viewpoint, and "the possibility of laying a course of action looking to the prevention or minimizing of the untoward effects of fluctuations will be weighed against a background of practical business management."

"Can Depressions and Booms Be Eliminated?" will be one topic discussed, and attempts will be made to find answers to these questions:

1. What is "business stabilization?"

2. Is it attainable? Within what limits?
3. Is it desirable?
4. What are its possibilities?
5. Can production and consumption be balanced?
6. Can the nation's purchasing power be maintained at a level?
7. What are the uses and abuses of Governmental and private credit?
8. Can saturation points be determined?
9. What about unemployment?

**Hahn Buys Devoluy**

The Hahn Brothers Fireproof Warehouse, Inc., New York City, has purchased the business of J. Devoluy, Inc., a household goods storage firm at 246-248 West 27th Street. The Devoluy company was established in 1896 and held membership in the New York Furniture Warehousemen's Association.

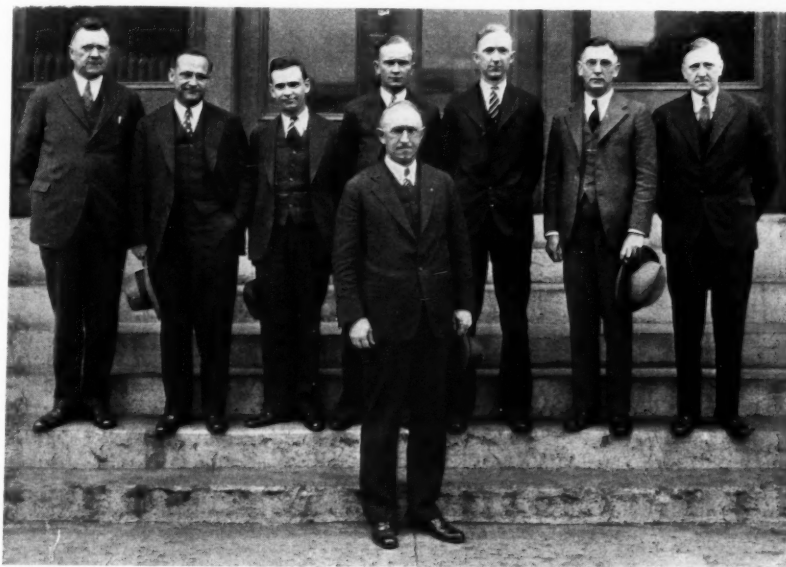
The Hahn acquisition includes the storage accounts only. The real estate is being held by the original owners, who were not identified with the Devoluy business.

**F. L. Allen Manager of  
Reorganized American  
Firm in Los Angeles**

THE Los Angeles building which has been called "the most beautiful warehouse in the world"—erected several years ago and operated by the American Storage, Inc., of California until it went into the hands of receivers—has been purchased from the receivers by a group of local capitalists and is now being operated as the American Storage Co.

F. L. Allen, formerly with the Lyon Van & Storage Co. and earlier with the old California Fireproof Storage Co., and who is an experienced furniture warehouseman, has been appointed manager of the American company. Mr. Allen has been twenty years in the household goods storage business. The firm has been admitted to membership in the California Van and Storage Association.

The structure is recognized as a work of art and has hitherto been described in detail in *Distribution and Warehousing*. Of Spanish style of architecture, it is located at 3634 Beverly Boulevard.

**Walker's Business Retinue Assembles at Memphis**

THE managers of the warehouses operated by James M. Walker, Memphis, as head of the O. K. Storage & Transfer Co., Inc., and the Walker Storage & Van Co., held a three-day meeting in Memphis early in February to discuss problems of mutual interest.

It was agreed, according to Mr. Walker, that there was virtually as much business available in the southern territory as ever before, but that the staffs would have to work harder to get it. To this end he was endeavoring, he stated, not only to have his sales organization operate more efficiently, but to have the operating end of his organization bolstered up so that there would be no lost motion.

The accompanying photograph, taken in front of the O. K. warehouse in Memphis on Feb. 11, shows Mr. Walker (foreground) and his staff—left to right, E. J. Lanigan, manager, Memphis; George E. Butler, manager and secretary, New Orleans; A. Allen Botts, manager and secretary, Louisville; J. R. (Dick) Walker, treasurer; John K. Walker, vice-president; Charles F. Hunt, in charge of operations; George Sebold, manager and vice-president, Atlanta.



### New I.C.C. Credit Rules Covering Freight Bills Go Into Effect March 10

DISTRIBUTION AND WAREHOUSING'S  
Washington Bureau,  
1163 National Press Building.

**R**ESTATEMENT of the rules governing payment of freight bills and accessorial transportation charges is made by the Interstate Commerce Commission in disposing of Ex Parte 73, dealing with Section 3 of the Interstate Commerce Act. The new rules become effective as of March 10.

Pointing out that "we have no authority to issue an order requiring carriers to grant any credit," the Commission states that the carriers have the right and privilege not only to demand payment of the freight charges before relinquishing possession of the freight at destination, but to demand the payment of such charges before forwarding the freight from the point of origin.

Section 3, paragraph 2, of the Interstate Commerce Act in effect prior to March 4, 1927, provided:

"From and after July 1, 1920, no carrier by railroad subject to the provisions of this Act shall deliver or relinquish possession at destination of any freight transported by it until all tariff rates and charges thereon have been paid, except under such rules and regulations as the Commission may from time to time prescribe to assure prompt payment of all such rates and charges and to prevent unjust discrimination: Provided, That the provisions of this paragraph shall not be construed to prohibit any carrier from extending credit in connection with rates and charges on freight transported for the United States, for any department, bureau or agency thereof, or for any State or Territory or political subdivision thereof, or for the District of Columbia."

On March 4, 1927, section 3, paragraph 2, was amended by the omission of the words "assure prompt payment" and the substitution thereof of the words "govern the settlement."

The effect of this amendment, the Commission states, was to give additional freedom of action to the Commission and enables it "to prescribe rules permitting carriers to depart from the cash basis for reasons, which, prior to the amendment, would not have justified such action."

"We do not interpret the amended statute, however, as justifying us in giving preference to commercial interests over the rights and desires of the carriers," the Commission says, "and we do not feel justified in prescribing rules clothing the carriers with a permissive authority they do not desire and which may subject them to threatened or actual diversion of traffic and result in unjust discrimination among shippers."

The rules enunciated by the Commission modify the old rules as stated in 57 I. C. C., 591, as follows:

"The carrier, upon taking precautions deemed by it to be sufficient to assure payment of the tariff charges within

the credit periods herein specified, may relinquish possession of freight in advance of the payment of the tariff charges thereon and may extend credit in the amount of such charges to those who undertake to pay such charges, such persons herein being called shippers, for a period of 48 hours computed as hereinafter set forth.

"Where retention of possession of freight by the carrier until the tariff rates and charges thereon have been paid will retard prompt delivery or will retard prompt release of equipment or station facilities, the carrier, upon taking precautions deemed by it to be sufficient to assure payment of the tariff charges within the credit period herein specified may relinquish possession of the freight in advance of the payment of the tariff charges thereon and may extend credit in the amount of such charges to shipper for a period of 96 hours to be computed as hereinafter set forth.

"Where a carrier has relinquished possession of freight and collected the amount of tariff charges represented in a freight bill presented by it as the total amount of such charges, and another freight bill for additional charges is thereafter presented to the shipper, the carrier may extend credit in the amount of such additional charges for a period of 30 days, to be computed as hereinafter set forth, from the date of the presentation of the subsequently presented freight bill.

"Where icing charges are not published in the tariff at fixed amounts determinable at the time the shipment moves from point of origin, and where freight charges are prepaid and icing charges are to be paid by the consignor, the carrier, upon taking precautions deemed by it to be sufficient to assure prompt payment of the tariff charges within the credit period herein specified, may relinquish possession of the freight in advance of the payment of the icing charges and may delay presentation of bills for such icing charges for a period not exceeding 15 days after the end of the calendar month during which the charges accrued and may extend credit in the amount of such charges for 15 days from the presentation of the bill for such charges.

"Where the amount of demurrage charges is determinable under average agreements made in accordance with tariff provisions, the carrier, upon taking precautions deemed by it to be sufficient to assure prompt payment of the tariff charges within the credit period, may delay the presentation of bills for such demurrage charges for a period not to exceed 15 days from the expiration of the authorized demurrage period and may extend credit in the amount of the demurrage charges accruing during the demurrage period for 15 days from the presentation of the bill for such charges.

"Where the freight bill is presented to the shipper prior to or at the time of delivery of the freight, the 48-hour and 96-hour periods of credit shall run from

the first 12 o'clock midnight following the delivery of the freight.

"Where the freight bill is presented to the shipper subsequent to the time the freight is delivered, the 48-hour and 96-hour periods of credit shall run from the first 12 o'clock midnight following the presentation of the freight bill.

"Every carrier shall present freight bills for all transportation charges except those herein specifically excepted to shippers prior to the first 12 o'clock midnight following delivery of the freight, except that when information sufficient to enable the carrier to compute the tariff charges is not then available to the carrier at the delivery point, the freight bills shall be presented not later than the first 12 o'clock midnight following the day upon which sufficient information becomes available to the delivering agent of the carrier.

### Use of Mail

"Shippers may elect to have their freight bills presented by means of the United States mails, and when the mail service is so used the time of mailing by the carrier shall be deemed to be the time of presentation of the bills. In case of dispute as to the time of mailing the post mark shall be accepted as showing such time.

"Sundays and legal holidays, other than Saturday half-holidays, may be excluded from the computation of the periods of credit.

"The mailing by the shipper of valid check, draft, or money orders, which are satisfactory to the carrier, in payment of freight charges within the credit periods allowed such shipper may be deemed to be the collection of the tariff charges within the credit period for the purposes of these rules. In case of dispute as to the time of mailing the post mark shall be accepted as showing such time."

In its general discussion of the case, the Commission observes that "the law requires that charges for the transportation of freight must be paid within the credit period allowed by the regulations. The desire of shippers to adhere to convenient and established methods of conducting their business and to postpone payment pending disputes as to the legal charges is no excuse for the failure to comply with the law. Deviations by shippers from the terms of the statute and the regulations made pursuant thereto are no more to be countenanced than are such acts on the part of the carriers."

The National Industrial Traffic League, Institute of American Meat Packers, National Wholesale Grocers Association, National League of Commission Merchants, Western Fruit Jobbers Association, the Manufacturers Association, Millers' National Federation, and more than a score of Chambers of Commerce and large industrial concerns were among the petitioners who sought revisions in the credit rules involved in this case.

—Horace H. Herr.

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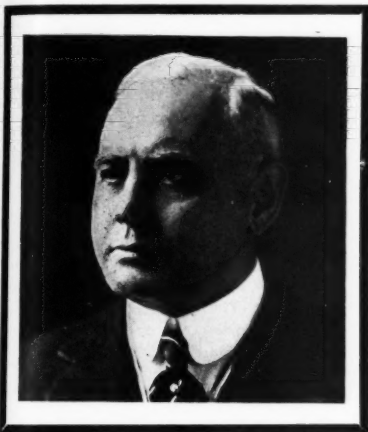
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**Frank E. Scobey Dies  
in San Antonio After  
an Apoplectic Stroke**

FRANK EDGAR SCOBEY, director of the United States Mint during the Harding administration, and until within the past year president of the Scobey Fireproof Storage Co., San Antonio, Texas, died at his home in that city on Feb. 6, following a stroke of apoplexy.

Born in Troy, Ohio, in 1866, where he attended the public schools, Mr. Scobey became interested in politics while still a young man. It was while serving on a local Republican committee that he became acquainted with the late President Harding. In 1897 he entered the race for sheriff of Miami County, Ohio, and won over seven opponents. He served in that office until 1902, when he was elected chief clerk of the Ohio State Senate, of which Mr. Harding was then a member.

Mr. Scobey was reelected chief clerk in 1904, but his health failed and he re-



Frank E. Scobey, former warehouse executive and a national figure, who died on Feb. 6

moved to Texas shortly after, going first to San Antonio, and later to Mercedes, where he operated a citrus farm. He returned to San Antonio in 1913 and organized the Scobey Fireproof Storage Co., which enjoyed a successful growth under his direction and today is one of the largest warehouse firms in the Southwest. He sold out his interest in the company last year, but has maintained an interest in transfer and storage problems nevertheless.

Mr. Scobey and Warren G. Harding were warm personal friends. After Mr. Harding's nomination and before he took office the President-elect went to Texas and visited Mr. Scobey at Point Isabel, where the two were companions on hunting and fishing trips.

Mr. Scobey was at one time a director of the Federal Reserve Bank in San Antonio.

In November, 1929, Mr. Scobey suffered a serious illness while resting at his home in Fulton, and spent some time

in a hospital at Corpus Christi before his recovery was assured. During the past few years he had lived in San Antonio.

While associated with the transfer and warehouse industry he took an important part, both directly and indirectly, in all its activities. While he was unable to attend all the conventions and business functions, his constructive influence and guiding wisdom were felt at meetings. A firm believer in association work, the firm bearing his name holds membership in the American Warehousemen's Association, the National Furniture Warehousemen's Association, and the Texas Transfer & Warehousemen's Association. He was a member of the Alzafar Shrine, an honorary member of the Rotary Club, and a member of the Elks. His widow, Mrs. Eveland Scobey, survives.

Mr. Scobey's funeral was one of the largest ever held in San Antonio, with hundreds of persons in all walks of life standing silently as the coffin was borne from the home to the station, where it was taken for burial to his birthplace at Troy, Ohio. The floral offerings swamped the home, and hundreds of telegrams came from prominent men who had known him in politics and business.

**J. L. Winn**

JOSEPH LEO WINN, president and general manager of Winn & Russell, Inc., Seattle, died on Feb. 1. He had undergone an operation on Jan. 17, after becoming suddenly ill on that day.

Born in Portage, Wis., on Dec. 28, 1873, Mr. Winn started business, with the Minnesota Transfer Co., early in his youth. He went to St. Louis as a Chicago, Burlington & Quincy switchman and was later promoted to chief clerk in the yard office. He was from the old railroad "school of the link and pin," receiving a hand injury while in the switching service.

In 1902 Mr. Winn removed to Seattle and for several years was connected with the Northern Pacific and Great Northern roads. He then decided to quit railroading and go into the commercial field, and became traffic manager for the Standard Furniture Co., later taking the same position with the Grote-Rankin Co., heading its warehousing and shipping for several years. When, in 1911, Grote-Rankin gave up its warehouse, Mr. Winn, in partnership with D. G. Russell, entered the storage and distribution business as Winn & Russell, Inc. The company developed into one of the major firms in this industry in the Pacific Northwest.

Mr. Winn was married in 1904 and his survived by his widow, a daughter, Barbara, and a son, Herbert, who is connected with the business.

Mr. Winn was a member of the merchandise division of the American Warehousemen's Association, the Washington State Warehousemen's Association and the Truck Owners Association of Seattle, Inc.

**A. F. Jones**

ANDERSON F. JONES, president of the United Warehouse Co., Wichita, Kan., and Kansas City, Mo., died on Dec. 5.

Mr. Jones removed to Kansas from Iowa in 1888, establishing himself at Pratt, Kan., where he dealt in grain and live-stock and made a wide acquaintance over the Southwest. In 1913 he went to Wichita and shortly thereafter built the United's warehouse at 815 East Second Street, in partnership with A. S. Parks of Wichita, with whom he had a friendly dissolution of partnership in 1921.

Mr. Jones was president of the United from organization until his death, and built up a profitable and substantial business. Under his management the company pioneered a finance plan on many thousands of automobiles with factories and dealers, and this is said to have been the first plan of its kind in the country. At one time the firm had 1025 motor cars of one make in storage. The United has always maintained strictly merchandise warehouses and handles the accounts of many of the leading distributors.

Mr. Jones' sons, Earl W. Jones and Lee B. Jones, have been active in the business for a number of years. Earl W. Jones, who lives in Wichita, has succeeded his father as president, and Lee B. Jones, a resident of Kansas City, Mo., has been elected vice-president and treasurer.

The Jones interests own and operate three ranches in Pratt and Clark Counties, Kan. These and the majority of the rest of the property were willed to the two sons, who are carrying on the business.

**W. H. Metcalf**

W. H. Metcalf, an organizer and formerly secretary of the Pennsylvania Motor Truck Association, of which the present organization of that name was an outgrowth, died late in January at his home in Upper Darby, Pa., at the age of 65 years. Since 1923 he had been executive secretary of the Philadelphia Automobile Trade Association and at one time served in the State House of Representatives.

**James A. McShane**

James A. McShane, at one time owner of the Oshkosh Storage Co., Oshkosh, Wis., died on Jan. 19 at a local hospital after a lingering illness. He was 66 years old.

**F. J. Sifford**

Frank J. Sifford, who formerly operated the Ventura Transfer Co., Ventura, Cal., a firm which his father had organized, died at his home in that city on Nov. 27 at the age of 66 years.



## Uncle Sam Insigne Flashed in Light



AN electrically operated sign, with lights flashing, of the above "1931 America Forward March" slogan and insigne was one feature at the recent meeting of the Hartford, Conn., Chamber of Commerce. It was prepared by *Distribution and Warehousing* and was supplied to the Connecticut organization by the Hartford Despatch & Warehouse Co.

During the dancing all lights in the hall were extinguished except that connected with the sign, which was on display on the balcony of the ballroom.

At the meeting the Uncle Sam picture and the button containing the "Forward March" slogan were distributed among the delegates.

The illustrated sign was displayed by *Distribution and Warehousing* in the lobby of the Hotel Gunter at San Antonio during the winter convention of the National Furniture Warehousemen's Association and later in the lobby of the Hotel Ambassador at Atlantic City, N. J., during the convention of the American Warehousemen's Association.

## Federal Warehouse

DISTRIBUTION AND WAREHOUSING'S  
Washington Bureau  
1163 National Press Building.

CONSTRUCTION plans for a new Government warehouse to be built here are being perfected in the office of Public Buildings and Public Parks, of which Lieutenant Colonel U. S. Grant is director. This structure is to cost \$1,700,000, and the general design has just been approved by the Commission on Fine Arts, which passes on all buildings erected by the Government in the national capital.

The new warehouse will be located in the southwest section of the city, between C and D and Seventh and Ninth streets. The site is just south of railroad connections, making it easy to provide switch connections. The building will be seven stories high, 498 feet long and 214 feet wide. It will have a driveway running underneath the entire plant. The project takes on the character of a "model warehouse," and its construction will be adapted to the latest methods of handling the variety of materials and commodities which the Federal government has to store.

It is not likely that the new warehouse will divert any considerable amount of business from the local private warehouses. Rather it will bring together, under one roof, materials and supplies now stored by the Government in other buildings.

—George H. Manning.

## Evansville Expansion

A contract has been awarded by the Evansville Ice & Storage Co., Evansville, Ind., for enlargement of one of its series of refrigerated storage buildings on Eighth street near Court street. Improvements will cost about \$25,000. An additional story of brick and concrete, 101 feet by 50 feet, will give the building three-story refrigeration capacity.

## Federal's 1930 Net Was Higher

The Federal Cold Storage Co., Los Angeles, reported through its manager, J. G. Drake, that its 1930 net increase in operating storage volume was 60 per cent better than that in 1929. During 1930, he stated, car-unloadings increased approximately 40 per cent.

## Terminal Co. Will Build in Milwaukee

A building permit has been issued to the Terminal Warehouse Co., Milwaukee, for a four-story warehouse to be erected at a cost of \$71,000.

## Bekins Purchases McClintock Interests in San Diego



IN a recent \$200,000 transaction, the Bekins Van & Storage Co., operating household goods depositories in various California cities, acquired the entire assets of the McClintock Storage Warehouse Co., San Diego, it is announced by Milo W. Bekins, Los Angeles, president and general manager. Included in the purchase was a modern six-story, reinforced concrete building, with basement, adjoining the Santa Fe passenger and freight depot and having spur track facilities.

The McClintock firm was organized in 1925 and did both a merchandise and household goods storage business. C. C. Temple, its manager since the start, has joined the Bekins company as manager in San Diego.

A complete fleet of new up-to-date pneumatic-tired motor vans will be installed immediately, and the Bekins Van Lines service, operating up and down the Coast, as well as the Bekins port-o-van service, will be made available to San Diego residents.

"We have been considering for some time the addition of San Diego to our chain of depositories," according to Mr. Bekins, "thereby rounding out our program of making Bekins service available in the principal California cities. The cities now served by our depositories are San Diego, Los Angeles, Pasadena, Hollywood, Santa Barbara, San mento and Fresno, and a new depository Francisco, Oakland, Berkeley, Sacramento is under construction in Glendale."



### Public Service Patent Granted on Ethylene Oxide as a Fumigant

THE benefits of what has proved to be "the most effective known fumigant for certain foodstuffs stored in quantity" have been given by the Government and the people of the United States to two Department of Agriculture scientists, Dr. Ruric C. Roark, a chemist of the Bureau of Chemistry and Soils, and Dr. Richard T. Cotton, an entomologist of the Bureau of Entomology, according to an announcement on Feb. 20 by the Department of Agriculture. The two officials in February obtained a patent on ethylene oxide as a fumigant and insecticide. The Department's statement continues:

"Doctors Roark and Cotton applied for their patent just in time to secure the free use of ethylene oxide for the American public. A well-known German dye company, recognizing the great commercial possibilities of ethylene oxide, had already applied for a United States patent in addition to the German patent under which this gas is used abroad.

"Following a hearing before the examiner of interferences of the U. S. Patent Office, the prior claim of Doctors Roark and Cotton was recognized, and the public service patent was granted to them on Feb. 3.

"The value of ethylene oxide as a fumigant was first proved by Doctors Roark and Cotton in the laboratories of the U. S. Department of Agriculture in April, 1927, when they inserted one-twentieth of a cubic centimeter of this colorless gas into a half-liter flask containing a large number of weevils in 200 cubic centimeters of wheat. All the weevils in the flask were quickly killed by the gas.

"In 1928 ethylene oxide was first tried on a commercial scale when Doctor Roark and Doctor Cotton successfully used the gas to destroy the weevils in a carload of grain in Baltimore.

"Since that time ethylene oxide mixed with carbon dioxide has been used successfully to fumigate great quantities of foodstuffs, such as nuts, dried fruits and packaged cereals, in which it effectively prevents the multiplication of insects and consequent deterioration.

"This method of fumigation is proving valuable to the raisin industry, and it is believed that its use will be rapidly extended to other products, such as tobacco, stored silks, wool, textiles, and upholstered furniture.

"Ethylene oxide was the reward of a long search by specialists of the Department of Agriculture for a fumigant that could be used almost anywhere without excessive danger of fire or explosion, and without undue danger to human health. The gas, which is free from the fire and explosion hazard when used according to directions, is deadly to insects, but is comparatively harmless to man and does not appear to leave on the treated materials obnoxious odors or residues harmful to humans or animals.

"Ethylene oxide has been used al-

ready with success in grocery stores, hospital food-supply rooms, in fumigable storage bins in dried fruit establishments, work rooms, candy establishments and for treating tobacco. It has been used with apparent success in large concrete elevator bins containing wheat and in lofts in reinforced concrete warehouses where grain products such as animal feeds are stored. The Navy Department fumigated with excellent results more than 10,000 pounds of sacked rice in a modern quartermaster's depot."

Colonel Gerhardt told *Distribution and Warehousing* in February that he planned to take a vacation of several months and that he was not yet ready to announce his future business plans.

### Wisconsin Bill Would Assess Stored Goods

SEVERAL Milwaukee warehouse operators appeared before an Assembly committee at Madison on Feb. 17 in opposition to the Miller bill, which would tax goods in storage in commercial warehouses.

Senator Thomas Duncan also opposed the measure, declaring it would be detrimental to the development of the warehouse industry, rapidly growing in Wisconsin. Warehouse owners might, he pointed out, evade payment of such assessments by withholding goods from the State at taxing time and having them shipped in later.

It was suggested that if such a tax was necessary, it be based on the average yearly inventory.

Charles Sullivan, of Sullivan's Delivery, told the committee that such a tax would be imposed on "something that wasn't there," and that it would cripple an industry already paying heavy taxes.

Charles D. Rosa, a State Tax Commission member advocating enactment of the bill, stated that Wisconsin was "making a small group of warehouse owners wealthy and loading expenses of fire and police protection for out-of-State goods on all Wisconsin taxpayers." He claimed that Wisconsin was the only State "handing out free storage."

Further consideration of the bill was deferred until a later date.

It is not a fact that Wisconsin alone exempts stored goods from taxation. Such goods are not assessed in warehouses in New Jersey.

### E. S. Willett

Edward S. Willett, vice-president of the Bridgeport Storage Warehouse Co., Bridgeport, Conn., died in a local hospital on Feb. 14, two weeks after he had undergone an operation.

Born in New York City on Jan. 9, 1861, Mr. Willett was prominent in Masonic orders and Bridgeport club life and was a member of the Transportation Club of New York.

### Warehousing "Safety Valve" of Merchandise Distribution

(Concluded from page 9)

warehouse collateral—of avoiding distribution wastes and of adjusting supply to demand without capital tie-up, capital dormant in goods awaiting consumer demand.

3. "Terminal warehouses with rail and/or water facilities permit strategic transit storage, and the sale of goods to consuming centers by rapid and reliable rail delivery, by slower water transportation, or by motor truck serving the nearby market.

4. "The proper use of the warehouse medium in production and distribution permits an average monthly production to replace seasonal cycles of manufacture; and, where seasonal production must be marketed, allows an even flow of the product into the channels of consumption.

5. "Warehouse terminals—merchandise and cold storage—are vital service institutions to the production, manufacturing and transportation agencies of our nation, to the banking institutions and distributors of our country, and to every consumer in the United States."

### Hubbard Heads Reorganization of Richards Co.

THE Richards Storage Co., Grand Rapids, Mich., has filed articles of incorporation to take over the assets of the Richards Storage Corp. of that city. The new organization is to act generally as warehousemen and forwarders. The capitalization is 90,500 shares, no par value, and the incorporators include B. C. Hubbard, general manager of the Richards Storage Corp.; Roger I. Wykes, of Ada, and J. A. Richardson, of Kalamazoo.

Mr. Hubbard, who is president of the Michigan Furniture Warehousemen's Association, is president of the new company. Mr. Richardson is vice-president. H. Hoeksema, Grand Rapids, is secretary. Mr. Wykes is temporarily vice-president and treasurer.

The Richards organization operates merchandise and household goods warehouses in Grand Rapids, Kalamazoo and Muskegon.

### Mobile Firm Builds

The Alabama Warehousing Co., operating in Mobile and Birmingham, is erecting two brick warehouses in Mobile. They will add about 42,800 square feet to the firm's storage space and will be used largely for cotton.

### El Paso Expansion

A \$60,000 reinforced concrete warehouse will be erected in the 1100 block on Texas Street in El Paso and will be leased to the El Paso Fireproof Storage Co., whose structure the property adjoins.

### Chamber Finds Business Uneasy About Federal Trade Practice Rulings

ACCORDING to the Chamber of Commerce of the United States "a measurable degree of apprehension over the attitude of the Federal Trade Commission toward trade practice rules" has been reflected in inquiries received by the Chamber.

"One of the most recent of these," says a Chamber release, "is a published statement by a member of the Commission that 'any agreement among competitors to the effect that they will not use any specific lawful method of competition is a contract in restraint of trade' and, further, 'it is not the province of the Commission to determine the degree of such restraint, unless the matter is properly presented in a case pending before it.'"

"Another is the announcement by the Commission of its revision of the trade practice conference rules of the petroleum industry, resulting in the rescission of all Group II rules and the retention of three of the rules in Group I with certain modifications.

"Whether the statement and the Commission's action on the petroleum rules presages the Commission policy toward trade practice rules of other industries is yet uncertain.

"On these points no authoritative pronouncements are as yet available. Because of the marked dissimilarity between the petroleum rules and those adopted by other industries and in view of certain important considerations peculiar to the petroleum industry itself, considerable credence is given to the view that the revision of the rules of other industries will be considerably less drastic than that evidenced in the case of the petroleum industry. Some support for this view is to be found in the action of Commissioners at recent trade practice conferences in receiving without objection rules of the usual type, some of which would normally be classified as Group II rules."

### A New Firm in Amarillo, Tex.

The Merchants Warehouse & Sales Co., recently organized in Amarillo, Tex., with John P. Mathis as president, has opened its storage building at 601-607 Grant Street. The plant has an automatic sprinkler system.

Patrick H. Flynn is vice-president and sales manager, and W. T. Moseley is secretary-treasurer.

### Split Delivery Ruling by U. S. Shipping Board

The United States Shipping Board recently affirmed its earlier tentative decision that intercoastal steamship lines must adjust either their carload or split delivery rates to reflect an extra charge of 10 cents a hundred pounds on split delivery shipments.

The extra charge may be made in one of two ways. It can be added to the freight bill for split delivery service, or it can take the form of a reduction in carload rates, at the option of the water carriers.

The probable effect will benefit warehouses, jobbers and factories maintaining stocks on the Pacific Coast.

### Utah Firm Opens Branch in Idaho

The Jennings-Cornwall Warehouse Co., Salt Lake City, has opened a branch in Pocatello, Idaho. The Pocatello building, costing \$50,000, has 30,000 square feet of floor space. It will serve Idaho and parts of Montana, Oregon and Wyoming and is under the management of E. F. Eardley, formerly the company's traffic manager in Salt Lake City and at one time with the Utah-Idaho Sugar Co.'s traffic and sales department.

The Jennings-Cornwall firm is organizing a motor freight line to operate between Salt Lake City and Pocatello.

### Overland Gets Its Los Angeles Permit

The California State Railroad Commission on Feb. 3 granted the application of the Overland Terminal Warehouse Co., a Los Angeles subsidiary of the Union Pacific Railroad, to erect its proposed \$1,000,000 warehouse at Ninth and Alameda Streets.

Granting of the permit had been fought by the California Warehousemen's Association, the Los Angeles Warehousemen's Association and individual storage executives, the protest based on their contention that there was sufficient storage space in the city.

### Johnson Terminal Opening

Completion of the new river-rail terminal and warehouse of the Mead Johnson Terminal Corporation, Ninth Avenue and West Ohio Street, Evansville, Ind., was occasion on Jan. 29 for a celebration banquet by prominent manufacturers and business and professional men. The celebration was staged by the Evansville Chamber of Commerce and the Evansville Manufacturers & Employers Association at the Hotel McCurdy.

L. D. Johnson, representing his father, E. Mead Johnson, Sr., founder of the enterprise, predicted the new terminal would eventually lead to lifting Evansville from the "pocket," a sobriquet applied to the Tri-States region, and make Evansville one of the best known trade centers of the Mid-West. Mayor Frank W. Griesse and B. F. Von Behren, president of the Evansville Chamber of Commerce, were among the speakers who paid tribute to the terminal as a factor in community progress.

When you ship goods to a fellow warehouseman—use the annual Warehouse Directory.

### Indianapolis Merger

The Indiana Terminal Warehouse Co. has been merged into the National Terminals Corporation. For all practical purposes it has always been part of the National, but it is now owned outright by the latter. William J. Hogan, president of the National, was president of the Indiana Terminal firm.

Meanwhile Harry A. Groff, Raymond H. Volz and F. S. Schneider have incorporated with Indianapolis Terminal Warehouse Corporation with capital stock of 5940 shares at \$100 each and 1000 no par value shares. The object is to own and operate certain real estate and a warehouse building thereon. The new organization has no connection with the Hogan interests.

### New Firm in Milwaukee

Walter C. Carlson, president of the Milwaukee Paper Box Co., has given his name to a new warehouse firm to be known as the Carlson Storage Co. A section of the paper box company's building, fireproof, has been taken over for warehousing. It is located at West Pierce and South 16th Street, and facilities include a railroad siding, inclosed loading platforms and elevators.

Household goods, merchandise and automobiles will be stored and the firm will do moving, packing, shipping and distributing for manufacturers.

### Brock Honored

Frank M. Brock, manager of the Glendale, Cal., warehouse of the Lyon Van & Storage Co., Inc., was recently installed as president of the local Chamber of Commerce. Mr. Brock is a director of the National F. W. A.

### Thiels Organize New Orleans Firm

Charles A. Thiel, Jr., who for three decades was president of the United Warehouse Co. in New Orleans, and Walter E. Thiel have established themselves in the merchandise storage business as operators of the Orleans Warehouse Corporation. Walter E. Thiel is president, and Charles A. Thiel, Jr., is general manager.

The new firm has taken over under a ten-year lease the two-story building at 420-428 Julia Street. The plant contains 56,000 square feet of floor space. A sprinkler system has been installed, and there has been extensive renovation.

### New Haven Co. Incorporates

The firm of Cohen & Powell, Inc., has been incorporated in New Haven, Conn., to carry on the household goods storage business conducted since 1912 under the firm name Cohen & Powell.

Under the reorganization Samuel Powell becomes president and treasurer, Edward Wheeler vice-president and Saul Speck treasurer. These three and Abraham S. Cohen comprise the board.

**Traffic Man Thinks  
Federal Barge Line  
"a Political Joke"**

THE Government-operated barge line on the Mississippi River "appears as an inconsistent piece of paternalism built upon an impractical idealism" and "is more or less of a political joke," according to the viewpoint expressed in a letter received by *Distribution and Warehousing* from the traffic manager of a company whose products are stored in warehouses in all parts of the country. It is against the "free storage" practices of the barge lines operated by the Federally subsidized Inland Waterways Corporation that the American Warehousemen's Association has pending before the Interstate Commerce Commission a complaint alleging violations of the interstate commerce Act.

The traffic manager, calling attention to a New York *Journal of Commerce* (Feb. 3) editorial charging that the Inland Waterways Corporation's official reports "conceal the relevant facts," writes:

"As I have followed your articles with much interest as to the 'free storage' granted by the Government-owned Mississippi River barge line, I am inclosing a clipping from the New York *Journal of Commerce*. In this editorial comment former Interstate Commerce Commissioner Woodlock is quoted in a very interesting way.

"Why should \$172,000,000 a year be saddled onto taxpayers of the United States without apparent result or definite return in view, except with a hope of setting up a water transportation system that may possibly some day get on its feet?

"It is the duty of every patriotic citizen to protest to his Senator and Congressman at Washington against such unbusinesslike and apparent political plums and playthings. Talk about 'contempt of Congress'! If private business continues to be ruined by such misfits in American business, the 'contempt' will surely spread.

"From point of traffic men in their discussions, the barge line is more or less of a political joke! No one knows whether it will be a reality next year or year after if we have a change of Administration. It does not appear to be a permanent part and parcel of the structure of equitable business depending upon earnings for its existence. It appears as an inconsistent piece of paternalism built upon an impractical idealism that may fit in fifty or a hundred years from now but certainly not today, or within the vision of the range of years during your and my own hope of existence or realization."

The *Journal of Commerce* editorial follows:

"Former Interstate Commerce Commissioner Woodlock recently undertook to estimate the cost to the people of the country involved in the operation of the Government-owned Mississippi barge line.

"The statement issued by the Inland

Waterways Corporation itself is valueless for purposes of estimating the total deficit on any basis that would be comparable with that of a privately owned company. The corporation reports an operating deficit of approximately \$110,000 for the year 1929.

"Commissioner Woodlock, however, by additions to various costs that would have to be met if proper allowance were made for overhead charges, reaches the conclusion that the deficit for 1929 amounted to about \$1,500,000.

"What are some of the omitted expenses that would be chargeable against a genuinely self-supporting line? First, there is the capital invested in equipment amounting to about \$20,000,000, on which no interest has been earned. This charge at 5 per cent would amount to \$1,000,000. A private company would also have to pay taxes which in the case of the railroads amount to about 6 per cent of gross revenues. Applying this percentage to the waterways corporation, the taxes payable would total about \$400,000. If these sums be added to the admitted operating deficit of \$110,000, the result is a total deficit somewhat in excess of \$1,500,000. This total, it should be noted, makes no allowance for a return on the capital cost or the maintenance of the waterway itself, on which expenditures for navigation alone, exclusive of flood control outlays, had amounted to about \$172,000,000 at the end of the fiscal year 1929.

"Whatever may be thought of the desirability of a policy of encouraging utilization of our waterways by placing the entire cost of their maintenance and development upon the taxpayer, there is no excuse for concealing the facts. The taxpayer is entitled to know the true cost of the operation of a Government-owned barge line that is supposed to be a model for other private enterprises and an incentive to them to follow its lead. The private operator should in justice have all the facts placed at his disposal, and the taxpayer also ought to know what this particular experiment in Government barge operation is actually costing him. Thereafter he can decide with his eyes open whether he does or does not think that the results warrant the outlay. At present the official reports conceal the relevant facts."

**Terminal Election**

At the annual meeting of the board of the Terminal Refrigerating & Warehousing Corp., Washington, on Jan. 16, G. W. Forsberg, vice-president and treasurer, was elected senior vice-president and William M. Hannay was chosen treasurer.

The other officers were reelected, including Clarence F. Norment as chairman of the board, Wrisley Brown as president and Jerry P. Johnson as secretary.

When you ship goods to a fellow warehouseman—use the annual Warehouse Directory.

**Harner Will Write  
Facts About Canned  
Goods Distribution**

IN coming issues *Distribution and Warehousing* will publish a series of articles of particular value to storage companies which solicit the accounts of producers of canned goods on the Pacific Coast.

Where do such goods originate? What are the kinds? What companies pack and distribute them? What are the standard size cases and the weights thereof? What is the usual procedure in marketing and distribution?

These questions, covering Alaska salmon, Hawaiian pineapple, Pacific Northwest fruit and berries, California fish and fruit and vegetables, will be answered in informative articles being prepared by—

Don F. Harner, traffic manager for the Stewart Curtis Packers, Inc., Long Beach; chairman of the traffic committee of the Southern California Cannery Association, Los Angeles, and Pacific Coast business staff representative of *Distribution and Warehousing*.

**Railroad Will Accord  
Free Freight Delivery**

A subsidiary of the Denver & Rio Grande Western Railroad has received permission from the Colorado Public Utilities Commission to provide shippers with free collection and delivery of freight, and plans to accord the service in Denver, Colorado Springs, Pueblo and other cities.

Under the Commission's order the company may collect freight from the shipper and deliver it to the door of the consignee without charging for the extra service and without increasing freight rates.

**Parr Action Dismissed**

An action instituted by the Parr Terminals, Richmond, Cal., demanding that the city of Oakland and the Oakland Port Commission reimburse the Parr company \$630,000 for improvements made on city-owned land leased by the Parr organization, was dismissed in the Alameda County Superior Court on Feb. 4. Dismissal did not bar the Parr company from entering an appeal.



## Farm Board Approves New York Action on Trading in Futures

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Washington Bureau,  
1163 National Press Building.

**E**FFORTS of warehousemen to discourage speculation in dairy products meets the full approval of William F. Schilling, representing the dairy industry on the Federal Farm Board. In a recent letter to T. A. Adams, president of the New York Chapter of the cold storage division of the American Warehousemen's Association, Mr. Schilling said:

"I read with a great deal of interest in last evening's paper the resolution of the New York Chapter of the American Warehousemen's Association, Cold Storage Division, recommending the elimination of future trading in butter, eggs and other dairy products until the products are actually in the warehouse.

"There are many problems in the marketing of dairy products which are within the power of the industry to adjust and it is extremely pleasing to me to see that the members of the warehousemen's association are giving serious consideration to these problems and to the possibility of their solution.

"It is my hope that the year 1931 will see the taking of many forward steps towards the settlement of the problems which confront the dairy industry."

As a matter of fact, the resolution passed by the New York Chapter, holding that futures trading in dairy products, including butter and eggs, should be eliminated until these products are actually in a warehouse, is very much in line with the dominant sentiment in Congress. Several extensive investigations recently have been had dealing with the economic effect of futures trading in cotton and grain. The legislative tendency is to tighten up on the limitations placed on the contract market. This is indicated in the Capper-Dickinson bill now pending in Congress to amend the Grain Futures Act. Among the provisions in the pending bill are the following:

"Dealing in 'privileges' or options to buy or sell and all trading of the character known as 'bids,' 'offers,' 'puts,' 'calls,' 'indemnities,' 'ups,' 'downs,' and 'advance or decline guaranties,' is against public interest and constitutes an undue and unnecessary obstruction to and burden upon interstate commerce and the same is hereby prohibited.

"Short selling' in amounts which the market is unable to absorb readily, by persons having only a speculative interest in the market, upsets and disturbs prices and is an unnecessary burden upon interstate commerce and against public interest in that such short selling is and may be used to manipulate grain prices. Purchases and sales of grain for future delivery on any contract market for speculative purposes are hereby prohibited (a) when made in amounts in excess of two million bushels in any one future during any one business day, and or (b) when they will result in giving a speculator a net position, long or short,

in any one future in excess of two million bushels at any one time; etc."

Futures trading is more highly developed in the grain market than in any other commodity market. Despite the fact that the grain trade holds it to be necessary to orderly conduct of trading, and notwithstanding that even members of the Federal Farm Board have refrained from suggesting that the futures market be eliminated entirely, there is a formidable and, perhaps, ever increasing opinion in Congress that all futures trading should be eliminated.

A further indication of this sentiment is found in the recent effort of Senator Hugo L. Black, Alabama, to deny to the Federal Farm Board the right to lend money to cooperatives for operations in the futures markets. The Black proposal came as a proposed amendment to the appropriations bill for independent offices. That bill carried an item of \$100,000,000 for the Federal Farm Board's revolving fund. Senator Black proposed that the following language be inserted in the bill:

"No part of the amount hereby appropriated shall be expended, and no loan shall be made out of such amount, for the purpose of dealing in futures or indulging in marginal transaction or any transaction whereby contracts are made for the purchase of agricultural commodities or food products thereof where no delivery of such commodity or food product is intended."

These developments suggest that the time may not be far distant when futures trading may be eliminated by Federal law. It is submitted that preventive policies which discourage the growth of futures trading in warehoused products may obviate the necessity of embarrassing readjustments likely to be called for later in the event that futures trading in these products should become established.

Hence Mr. Schilling's lively interest in the pronouncement of the New York Chapter of the American Warehousemen's Association.

—Horace H. Herr

## Kennedy Honored

Frank R. Kennedy, president of the Canadian Rail and Harbour Terminals, Ltd., Toronto, has been elected president of the Transportation Club of Toronto. Mr. Kennedy is a member of the cold storage division of the American Warehousemen's Association and a member of the Canadian Storage & Transfermen's Association.

## Lawrence Appointees

Announcement is made by A. T. Gibson, president of the Lawrence Warehouse Co., San Francisco, that Anson B. Weeks and David R. Campbell have been appointed assistant managers. To join the Lawrence organization both men left the Merchants' Express Co., where Mr. Weeks was assistant manager and Mr. Campbell was warehouse department manager.

## LUXURY BUYING NEEDED NOW

By JOHN H. VAN DEVENTER

The well-to-do, and those in comfortable circumstances have made an admirable record of contributions to community chests and unemployment funds. Is so doing they have opened up their hearts and pocketbooks for the relief of their less fortunate fellows, and nobly discharged one part of their obligation to society.

But there is another important part that many of them have overlooked. Contributions help to relieve depression pains in the economic body, but they are not an antidote for the ills which cause the suffering. Many of these same people are economizing because they think it is the thing to do, not because they have to. As a matter of fact, the buying power of many incomes has been increased during the past twelve months by not less than fifteen per cent, due to the decline in prices which has taken place.

One lady of very considerable means who really could afford anything she wanted recently said, "I would like to buy a new grand piano, but it does not seem right to spend money for luxuries during these hard times."

The buying of luxuries, by those who can afford them, is just what we need to give industry a real boost at this time. It is not the industries and the workers who turn out necessities who are suffering from this depression. The reduced buying is not in the things we cannot do without, but in the things we can.

So if you are one of the fortunate ones who can afford to buy luxuries, buy them now. Not only will you be helping to cure depression ills, but at present prices you will be getting a bargain that will be impossible to secure a few months from now.

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## Milwaukee Firms Fight City Tax

The Lincoln Fireproof Warehouse Co., Milwaukee, has instituted a Circuit Court action to restrain the city from assessing a local tax on the firm's warehouse. The action is similar to one, now under advisement before Circuit Judge Sullivan, brought against the city by the Terminal Warehouse Co., Milwaukee.

Both firms claim that their warehouses are part of the operating system of the Milwaukee road and, therefore, are subject only to the State tax, which is less than the municipality's assessment.

The Lincoln in its complaint says that on Feb. 1, 1923, it leased the property involved to provide warehouse and storage space for the railroad. The city assessed the property \$315,250 for 1930 and seeks to collect a tax of \$10,381, the complaint states.

Circuit Judge Breidenbach signed an order temporarily restraining the city from collecting the tax pending outcome of the action.

### Cotterill Argues Rail Storage Case Before the I.C.C.

(Concluded from page 26)

"The carriers completely disavow any obligation on their part to make this storage available to everybody, and, on the contrary, reserve to themselves the uncontrolled decision whether to give it or not to particular shippers, dependent upon collateral private agreements with them."

Commissioner Mahaffie asked, "The storage about which you are talking is in all cases, I take it, furnished free of charge as storage?"

Mr. Cotterill replied: "It may as well be spoken of as free of charge, for the reason that the compensation exacted is purely nominal and bears no remote relation to any ordinary standard of warehouse charges of any type."

At least in the North Atlantic, he continued, "the additional feature of surprise contained is that the carriers have gone into the insurance business and offer insurance, or rather give insurance, to those shippers whose business they choose to store, at a rate of insurance less than the railroads pay to the insurance companies for reinsuring."

"The nature of this storage arrangement and the manner in which it is applied constitute violations of the Elkins Act and of Section 2 of the Interstate Commerce Act. Independent of these points of illegality, if the service be viewed as transportation at all subject to regulation, it is being conducted at an admitted loss, and therefore is an unjust and unreasonably low charge in violation of Section 1. It casts an undue burden upon all other traffic and presents a clear case of waste and lack of economical management. There is no legal or competitive explanation which has been suggested in the nine years of this inquiry for its continuance."

Recalling that the original purpose of the Commission's inquiry was to develop facts about port warehousing facilities not owned by carriers, Mr. Cotterill declared:

"Some of the railroads at some of the ports have chosen to acquire in some form limited facilities for storage, not of a kind incident to their functions as carriers, but as warehousemen. They have preferred to treat that service as if it were transportation by publishing a tariff which at least contains some charge, but as a tariff itself it is defeated wholly by the limitation that the carrier, supposed in that sense to be engaged in transportation, disavows any obligation to render the service for all comers and says that private arrangements must be made in advance."

The time had long since passed, he asserted, "when there would be any occasion or necessity at any time to argue that it is unlawful for a railroad to go beyond the strict common carrier functions and to render a gratuity to preferred customers."

"The whole import of the land lease decision of this Commission might well be applied to this case. In fact, warehousing is leasing. It is the leasing of space. There is no difference between the leasing of a piece of ground at nominal rental, upon which to put a manufacturing site, and the leasing of a little piece of ground upon which to place property for one year at a nominal rent."

Mr. Cotterill claimed that the practice not only existed at the ports along the Atlantic and Gulf, but was spreading into the interior.

"Even the barge line on the Mississippi River now has the idea," he asserted.

Referring to docking, he stated:

"It is the maritime practice throughout the world for vessels to pay money to whomsoever may provide them with berthing space and facilities and accommodation. In the United States, vessels do pay such charges whenever those who are supplying the service find it possible to get the charge. But the American railroads, with the exception of the Louisville & Nashville at Pensacola, have, in course of time, consequent upon their competitive activities, ceased to make any exaction whatsoever for the facilities and accommodations extended to these vessels."

R. W. Barrett, representing the railroads serving North Atlantic ports, said the railroads were not opposed to increasing their charges for storage and other services, but that shippers protested against such action. Competition between the carriers, he said, was the reason for free dockage. He called the attention of the Commission to the absence of complaints against the services under inquiry from the shippers themselves, and Commissioner Meyer joined in a request for information as to the persons harmed by the railroads' practices.

Parker McCollester, representing the New York Produce Exchange, declared that shippers were in opposition to the current proceeding if its object was to bring about higher charges for them to pay. He alluded to the fact that Mr. Cotterill gave little attention in his arguments to export shipments—the class of traffic in which, Mr. McCollester said, his organization was mainly interested.

The Southern railroads, including the Illinois Central, were represented by F. W. Gwathmey, W. H. McGehee and E. A. Smith. They declared the first arguments in the case were that the storage charges were too high, and that now the arguments were to the effect that the charges were too low. Mr. McGehee pointed out that Mr. Cotterill's first appearance in the case was as the representative of fertilizer interests, and that his arguments at that time with regard to charges on fertilizer being too high, were followed by a Commission order that they be reduced.

Mr. Barrett's declaration that the warehousemen had not shown their rates for comparison with those charged by the railroads, was answered by Mr.

Cotterill with the statement that if the Commission desired this information, as a demonstration of discriminations and differences between the railroad warehouses and the commercial warehouses, it would be furnished when the Commission gave the opportunity.

Others who took part in the arguments, or were present as representatives of their organizations, are A. C. Welsh, Brooklyn Chamber of Commerce; D. A. Dashiell, fertilizer interests; Edgar Moulton, New Orleans Joint Traffic Board; and Thomas J. Burke, port of Charleston, S. C.

At the conclusion of the arguments the Commission took the case under advisement.

—F. W. Perkins.

### Gerhardt Resigns from Bush Company

Changes in the personnel of the Bush Terminal Co. and allied interests, New York, have been announced as follows:

Col. P. L. Gerhardt has resigned as vice-president of the Bush Terminal Co. He was at one time president of the merchandise division of the American Warehousemen's Association and had served on various important divisional committees.

Colonel Gerhardt told *Distribution and Warehousing* in February that he planned to take a vacation of several months and that he was not yet ready to announce his future business plans.

Harper A. Holt has been elected executive vice-president of the Bush Service Corporation, succeeding the late Eugene May. Mr. Holt is chairman of the bonded warehouse committee of the A. W. A. merchandise committee. Fred Benchley has been elected vice-president and E. R. Wilson secretary of the Bush Service Corporation.

Captain G. L. P. Stone and S. C. Blackiston have been elected vice-presidents of the Bush Terminal Co. Mr. Stone is now in charge of operations and Mr. Blackiston in charge of sales.

### Receivership in Milwaukee

Foreclosure on the Milwaukee Warehouse Co., operating at 95 South Water St., Milwaukee, was granted the Foreman State Trust and Savings Bank, Chicago, and the Fidelity Trust Co., by Circuit Court Judge Sullivan on Jan. 28.

The warehouse company, which did not contest the action, was in default in payment of interest and principal on a \$515,496 bond issue. The Milwaukee Commercial Bank is the receiver. Two square blocks of property are involved.

### Grand Rapids Blaze

Fire on Jan. 11 did damage estimated at \$3,000 in one of the warehouses of the Columbian Storage & Transfer Co., Grand Rapids, Mich. The blaze was believed to have originated from hot ashes which an employee had deposited near the building.

## New Incorporations as Announced Within the Storage Industry

### Arkansas

**TEXARKANA**—Independent Ice Co. Cold storage warehouse and ice plant. Capital, \$21,000. Incorporators, W. A. Sailer and B. H. Giles.

### California

**Los Angeles**—White Line Shipping Van Service has been organized as a subsidiary interest of the Bekins Van & Storage Co.

### Illinois

**Chicago**—Dixon Forwarding Co., 425 South Wells Street. Capital, 20 shares of no par value stock. Incorporators, George W. Homer, Thomas J. Dixon and Arthur A. Dixon.

### Maryland

**Cordova**—Cordova Warehousing Co., Inc. Storage warehouse and transfer. Capital not stated. Incorporators, William E. Withgott and W. H. Hopkins.

### Massachusetts

**Quincy**—Atlantic Moving Corporation. Capital, \$2,500. Alla E. Allen is president and Albert B. Allen, 448 Hancock Street, is treasurer.

### Michigan

**Detroit**—Royal Moving & Storage Co., 3555 Palmer Avenue, East Detroit. Storage warehouse and van service. Incorporators, Earl S. Barnett, A. L. Kauffman and James J. Hegan.

**Lansing**—D. & C. Storage Co. Storage, warehouse and transfer business. Capital, \$2,000. Incorporators, Claude L. Crane, Hattie E. Crane and Keith D. Crane, 641 North Fairview.

### Missouri

**St. Louis**—Artificial Ice Co. Cold storage warehouse and ice plant. Capital not stated. Principal incorporator, Carl E. Anderson, 4105 Prescott Street, Dallas, Tex.

### New Jersey

**North Bergen**—Bananno-Weehawken Warehouse Co., 1827 Bergen Turnpike. Storage warehouse. Capital, \$25,000. Incorporators, Joseph A. Bonanno, James V. Bonanno and S. F. Bonanno.

### New York

**New York City**—Washington Bridge Van Co. Capital, \$5,000. Incorporators include A. A. Zerilli, 303 West 42nd Street.

**New York City**—West Forty-seventh Street Warehouse, Inc. Storage warehouse and moving service. Capital, 100 shares of no par value stock. Representative, Barron, Rice & Rockmore, 220 West 42nd Street.

### Ohio

**Cincinnati**—Reliable Transfer Co. Capital, 500 shares of no par value

stock. Incorporators, Robert C. Naeval, J. Addison and A. J. Murdock.

**Cleveland**—Gregg Cartage & Storage Co. Capital, 250 shares of no par value stock. Incorporators, Perry A. Frey, 1343 Terminal Tower; A. Karl Heyner and Freda R. Katz.

**Cleveland**—Shaw Warehouse Co. Storage warehousing. Capital, 250 shares of no par value stock. Incorporators, Joseph J. Klein, B. F. Seigel and Leo F. Hessoun.

### Texas

**San Antonio**—Central Terminal & Forwarding Co. Warehouse service and freight forwarding. Capital not stated. Principal incorporator, Orville N. Leary, 106 South Comal Street.

### Wisconsin

**Green Bay**—Atlas Corporation. To operate public warehousing. Capital, 1000 shares of no par value stock. Incorporators, E. R. Fischer, Fred Miller and E. B. Warren, respectively president, vice-president and secretary-treasurer of the Atlas Warehouse & Cold Storage Co.

**Marion**—Central Transfer Co., Inc. Capital, 250 shares of stock of \$100 par value. Incorporators, A. Weismann, L. Weismann and O. Brewer.

**Milwaukee**—Carlson Storage Co. General warehousing, storage and transfer business. Authorized capital, 500 shares of no par value common stock. Incorporators, W. C. Carlson, B. E. Bansemer and J. P. Peirce.

**Milwaukee**—Northwestern Forwarding Co. Authorized stock, 25 shares of \$100 par value. Incorporators, R. V. Ahrens, H. E. Schlifske and C. A. Kroner.

**Milwaukee**—Shuck Van & Storage Co. Storage warehouse and moving service. Capital not stated. Incorporators, B. C. Shuck and L. H. Hopkins, 235 North Western Avenue.

## Can Sizes for Fruits and Vegetables Are Now Being Simplified

A GENERAL conference of representatives of manufacturers, distributors and users of cans used in packing fruit and vegetables adopted a simplified practice recommendation on can sizes, at a meeting held under the auspices of the Division of Simplified Practice of the Bureau of Standards, Department of Commerce, on Jan. 20, at the Hotel Stevens, Chicago. The meeting was held in conjunction with the annual convention of the National Canners Association.

The program, as approved, recommends a reduction from the present wide variety of fruit and vegetable can sizes to 27; and, subject to the approval by all interests, it will become effective on July 1.

It was also suggested by the conference that a survey of the sizes of fish cans now in use be made with a view to the establishment of a simplification program in that field.

## Construction, Developments, Purchases, Etc.

### California

**ARCADIA**—Gem City Transfer & Storage Co., Monrovia, has established an office at 32 East Huntington Drive, Arcadia.

**Fresno**—Consumers' Ice & Cold Storage Co. has plans for a \$150,000 addition to its cold storage warehouse and car-icing plant.

**Los Angeles**—Bekins Van & Storage Co. is completing plans for a \$125,000 warehouse at 4th and Alameda Streets.

**Los Angeles**—Redman Storage Co. has opened its 4-story warehouse for storage of household goods at 1083 Gayley Avenue in the Westwood Hills section.

**San Francisco**—Bekins Van & Storage Co. has filed plans for a \$30,000 2-story warehouse and loft building on Stevenson Street, near Duboce Street.

**San Jose**—James Transfer & Storage Co. has purchased its third warehouse, a building containing 34,000 square feet of floor space, at 133 North Market Street.

**Santa Barbara**—Griggs Van & Storage, Ltd., has applied to the State Railroad Commission for a certificate of public convenience and necessity to operate a motor freight line to Los Angeles and intermediate points.

**Wilmington**—Los Angeles & San Pedro Transportation Co. has taken over under lease and will operate as a warehouse the building of Drew, Inc., at 711 West B Street.

**Wilmington**—Wilmington Transfer & Storage Co. has been purchased by J. P. Puckett Freight Lines, Ltd.

### Florida

**Tampa**—Seminole Ice Co. has arranged for an increase in capital to \$100,000, from \$50,000, for expansion in cold storage warehouse and ice plant operations.

### Georgia

**Atlanta**—Atlantic Ice & Coal Co. has joined the Southern Warehousemen's Association.

**Cordele**—Sawyer Ice & Coal Co. is planning a \$70,000 1-story cold storage warehouse and ice plant.

### Illinois

**Chicago**—Chicago, Burlington & Quincy Railroad Co. has filed plans for a \$650,000 1-story and 2-story warehouse terminal and express building to occupy entire block on Calan Street from Roosevelt Road to Taylor Street.

**Chicago**—Enterprise Transfer Co., 166-172 North Ada Street, has extended its corporation duration and increased its capital stock to \$100,000 from \$2,500.

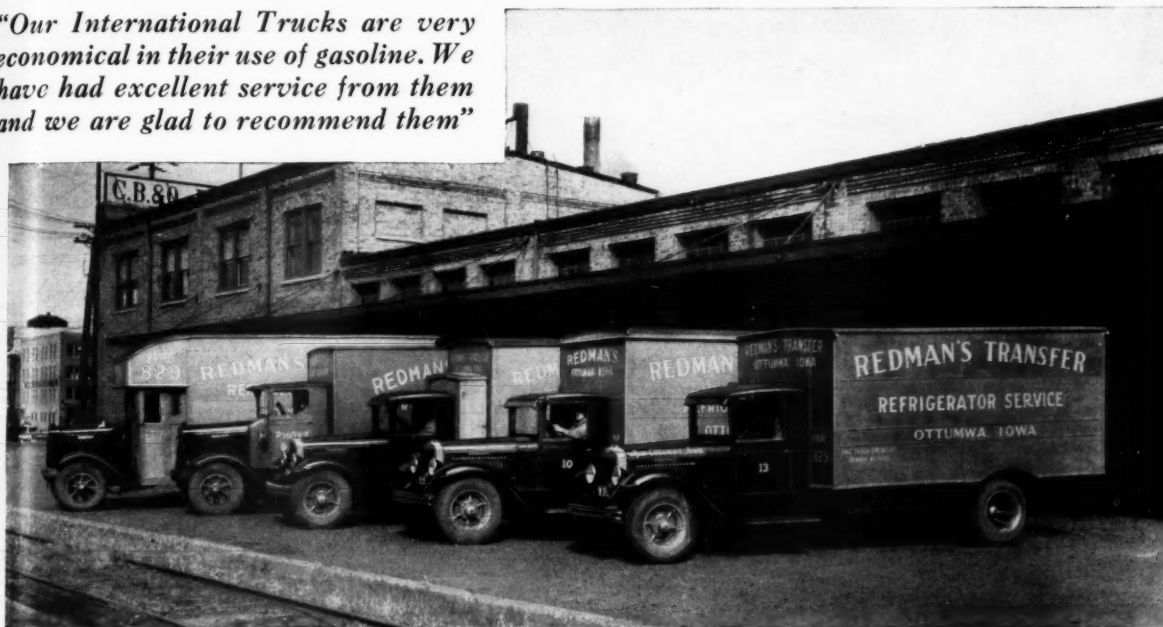
**Chicago**—Jackson Storage & Van Co. has increased its capital stock to \$800,000 from \$600,000.

(Concluded on page 78)



## This Transportation Specialist Is Well-Pleased with INTERNATIONALS

*"Our International Trucks are very economical in their use of gasoline. We have had excellent service from them and we are glad to recommend them"*



Five International Trucks in meat hauling service for the Redman Transfer. The three trucks in the foreground are new Speed Truck models. The Redman fleet consists of 9 Internationals.

DAVE REDMAN holds the above opinion of the 9 Internationals he uses in his transfer business at Ottumwa, Iowa. He is one of the leaders in the middle west in the transportation of meat. Five of his Internationals, with refrigerator bodies, are in this service, hauling fresh meat every day in a radius of over 150 miles. They operate in Iowa, Illinois, Missouri, Minnesota, Nebraska, and Indiana.

Mr. Redman's meat shipping business comes from packing houses at Ottumwa, Omaha, Des Moines, and St. Joseph, Mo. Loaded cars are sent to Ottumwa to be split four ways. The meat is then delivered to dealers in the area covered.

"In order to get and hold a meat delivery business, you must get there on time," Mr.

Redman says. "And to get the most use of the trucks, you must work them to the limit of their endurance and capacity. Our drivers get in at night just in time for the mechanics in the garage to make a complete inspection of the units and to give them the proper lubrication. Then the meat is loaded through the night, and early the next morning the drivers are on their way again."

Mr. Redman's experience with International trucks is similar to that of others in the transportation business who have come to rely on these trucks for dependable haulage. You can see the complete line at the nearest of 183 Company-owned branches in the United States and Canada. There are sizes from  $\frac{3}{4}$ -ton up to 5-ton, and bodies to suit your needs. Write for information.

### INTERNATIONAL HARVESTER COMPANY

606 So. Michigan Ave.

OF AMERICA  
(Incorporated)

Chicago, Illinois



# INTERNATIONAL TRUCKS

WHEN WRITING ADVERTISERS MENTION DISTRIBUTION AND WAREHOUSING

**Construction,  
Developments,  
Purchases, Etc.**

(Concluded from page 76)

**Indiana**

Evansville—Geiger Transfer & Storage Co. is remodeling its garage at 401 Northwest 4th Street to provide additional warehouse space.

**Kansas**

Manhattan—W. H. Emerson heads a project to construct and operate an \$80,000 storage warehouse terminal, with cold and dry storage space, on Yuma Street.

**Kentucky**

Lexington—Lexington Bonded Storage & Warehouse Co. has changed the nature of its business to buying and selling tobacco.

**Maryland**

Baltimore—Baltimore Storage Co. is said to have arranged for rebuilding of garage and replacement of moving vans recently damaged by fire with a reported loss of \$25,000.

Baltimore—Pennsylvania Railroad Co. has awarded a contract for a \$750,000 multi-story produce terminal and warehouse, with dry and cold storage facilities. The project will include a sheltered platform, 600 feet long with eight tracks, to accommodate 325 cars at one time.

**Massachusetts**

Haverhill—Burns' Express Co. has purchased a 5-story brick warehouse, containing 25,000 square feet of floor space, on Lancaster Street, and has entered the warehouse business.

**Minnesota**

St. Paul—National Freight Co. has leased a \$150,000 1-story and 2-story warehouse and freight building, 75 by 300 feet, to be erected on Prior Avenue by the Chicago, Milwaukee, St. Paul & Pacific Railroad Co.

**Missouri**

St. Louis—Crystal Ice Co., Omaha, Neb., has purchased property at Easton and Spring Avenues, St. Louis, and plans to erect a \$100,000 cold storage warehouse and ice plant, 60 by 105 feet.

St. Louis—St. Louis Electric Terminal Railway, a subsidiary of the Illinois Terminal Railway System, is planning a \$5,000,000 17-story warehouse, freight building and passenger terminal on 12th Street Boulevard.

**Nebraska**

Lincoln—Omaha, Lincoln & Beatrice Railroad Co. has plans for a \$200,000 terminal warehouse and freight building, 130 by 370 feet, at Y and 19th Streets.

**New Jersey**

Weehawken — Bonanno - Weehawken Warehouse Co., 1827 Bergen Turnpike,

North Bergen, is planning a \$400,000 warehouse, 100 by 300 feet, on Park Avenue, Weehawken.

**New York**

Binghamton—E. W. Conklin & Son Co. has been elected to membership in the Central New York Warehousemen's Club and the New York State Warehousemen's Association.

Brooklyn—Brooklyn Warehouse & Storage Co. has formally filed notice of dissolution under State laws.

Marion—Cold Storage Holding Corporation, operating cold storage warehouses and ice plants, has arranged for increase in capital from 6220 to 8820 shares of stock, no par value, with exception of 6320 shares at \$100 par.

New Hartford—Frank A. De Vall has been elected to membership in the Central New York Warehousemen's Club and the New York State Warehousemen's Association.

New York City—Independent Warehouses, Inc., has leased its Warehouse No. 13, at 149-169 LeRoy Street, to the New York State Realty & Terminal Co.

New York City—Kay Moving Service is planning a \$160,000 8-story warehouse and distributing terminal, 35 by 100 feet, at 2468 Amsterdam Avenue.

New York City—Lincoln Warehouse Corporation is planning to erect at 20 East 69th Street a \$500,000 14-story warehouse with portion of structure for office service.

New York City—Port of New York Authority will soon take bids for a \$9,000,000 14-story warehouse and freight terminal, 200 by 800 feet, at 8th and 9th Avenues and 13th and 14th Streets.

Yonkers—McCann's Fireproof Storage Warehouse Co., Inc., has preliminary plans for a \$200,000 7-story warehouse on School Street.

**Ohio**

Cincinnati—Ohio Association of Commercial Haulers is backing a project to construct and operate a motor freight terminal and warehouse at Cincinnati.

**Pennsylvania**

Philadelphia — Terminal Warehouse Co. has awarded a contract for a 1-story warehouse unit at 20th and Hamilton Streets.

**Tennessee**

Memphis—Patterson Transfer Co. has moved into its new \$140,000 concrete warehouse at Georgia Avenue and Pennsylvania Street.

**Texas**

Dallas—Chicago, Burlington & Rock Island Railroad Co. is planning a \$400,000 multi-story warehouse and freight terminal on Young Street.

El Paso—Santa Fe Railroad Co. is planning construction of a \$125,000 warehouse and freight building.

Fort Worth—Temple Harris Warehouse Co. has joined the Texas Warehouse and Transfermen's Association.

1931  
AMERICASelling Must Precede  
Buying★ ★ ★ ★ ★  
FORWARD  
MARCHBy  
JOHN H. VAN DEVENTER

Industry and business cannot expect to make much headway toward better buying by passing the hat to the consumer. The "buy more" movement must be preceded by the "sell more" spirit. There is no self starter attached to consumer demand; that is why we employ salesmen and advertising to keep things moving.

An analysis of the experience of a large number of concerns which have been able to maintain and in some cases to increase their volumes during 1930, is illuminating. Out of a total of 167 cases investigated, covering nearly every principal variety of manufacturing and merchandising, 148 attribute their results primarily to intensified selling effort. They have found that "it pays to advertise," particularly when their less aggressive competitors are diminishing sales effort. If industry and business as a whole would follow the example set by these aggressive concerns, the depression would soon be over. The way to overcome increased buying resistance is to increase selling pressure.

Conditions are ripe for recovery. Thousands of times more dollars are seeking employment, at low rates, than there are men looking for jobs. Obsolescence, wear and tear, delayed buying and the smallest inventories on record are daily raising the potential demand level. The prosperity ingredients are all in the pot; what we need now is the aggressive stirring of courageous salesmanship.

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San Antonio—American Bonded Warehouse Co. has resigned from the Texas Warehouse and Transfermen's Association.

Temple—Southland Ice Co., Dallas, is planning to spend \$25,000 extending and improving its cold storage warehouse and ice plant in Temple.

Uvalde—Uvalde Storage Co. has joined the Texas Warehouse and Transfermen's Association.

**Virginia**

Fredericksburg—Inland Service Corporation is said to have plans under way for a \$100,000 cold storage warehouse and ice plant.

Norfolk—Chesapeake Transfer & Storage Co. and Hampton Roads Transfer Co. each has applied for permission to operate a motor freight line to Newport News.

Richmond — Richmond, Fredericksburg & Potomac Railway Co. has applied for permission to operate a motor freight line from Richmond to Washington, D. C.

**Washington**

Seattle—Maritime Transfer Co. and Wiles & Foy have merged under the former name and have established general storage warehouse quarters at 525 Boren Avenue, North.